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Management RECORD

August 1956 • Vol. XVIII • No. 8

- Stock Options Continue Popular
- The Steel Strike Settlement
- Vacations and Holidays: 1956
- Workers' Budgets and Wages

NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

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Management Record

August, 1956

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• In the Record •

Stock Options Continue in Vogue

Whatever other virtues stock option plans may have, unquestionably one of their big selling points is the opportunity they provide executives to materially increase their earnings. And often this is possible at a much lower cost to the company than comparable salary increases would entail.

The popularity of these plans has been enhanced since the 1954 Internal Revenue Code rulings on stock options became effective. One of the reasons is the new and broadened definition of restricted options. Now, variable price stock options also qualify. In the story starting on the next page—which analyzes twenty-four recent plans—the reader's attention is particularly directed to the box at the top of page 267. Here variable price stock options are defined. And, by using specific examples, the tax advantages of this type of option can clearly be seen.

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Steel Strike Settlement

Practically everybody knows that the price of steel has gone up $8.50 a ton in the last month. And practically everybody knows that this increase followed fast on the heels of the strike settlement between the major steel producers and the Steelworkers' union. In exchange for a three-year, no-strike agreement, the steelworkers got an economic package valued by the union at 45.6 cents an hour per worker.

The story starting on page 270 examines this package. Under the general heading of "wage increases," incentive adjustments, increment increases, and the cost of living escalator provisions are analyzed. In the fringe area, what the memorandum of agreement provides in the way of supplementary unemployment benefits, pensions, insurance, vacations, etc. are covered. The "Steel Strike Settlement" gives a clear picture of just what this important new agreement means for the steelworkers.

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Vacations and Holidays—1956

Samuel Gompers' often-quoted answer of "more" to the question of what labor really wants has many applications. For instance, no one can fail to see the "more" trend in the chart on vacation and holiday practices on page 277. From 1947 to 1956, the movement is clearly toward longer vacations and more holidays. This is true for both hourly and salaried personnel, as underscored in the story starting on page 276. Here the results are presented of this year's survey of vacation and holiday practices of 301 companies. These findings are compared with earlier surveys made by the Board.

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The Transferred Employee Sells His Home

On the back cover of this issue, the reader will find a "house ad" for the Board's new report, "Company Payment of Employees' Moving Expenses." Inside, on page 273, one aspect of this broad subject is considered: Do companies make any provision for assisting the transferred employee who must sell his home at a loss? The answer is that some companies do. But the problem is a complicated one. For instance, how is loss defined? Are only the buying and the selling price considered? Or is allowance made for depreciation and property improvements? And after loss is defined, on what basis or by what formula does the company determine the degree of assistance?

"The Transferred Employee Sells His Home" examines the practices of those companies that regularly provide this protection to their employees.

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Consumer Prices at New Heights

Increased prices for groceries have raised the Board's consumer price index to a new high, even though the upward movement has been moderate. Also, it should be noted that many of the recent price peaks were in seasonal food items. The article beginning on page 286 points out that the other commodity groups that make up the over-all index have also advanced. In fact, in the last several years food prices have often tended to offset some of the increases in the other groups.

In addition to the analysis of monthly price changes, the article reviews price movements in clothing over the last two and one-half years.

Stock Options Continue in Vogue

This careful look at twenty-four recent plans points up the similarities—as well as some differences—to plans previously analyzed by the Board

OPTIONS to buy common stock at favorable prices have long been considered an effective means of retaining the services of key employees and attracting new managerial talent. The basic assumption is that stock ownership motivates executives to want to improve company earnings because they have "a stake in the business."

However, the money angle itself is not to be overlooked. For the executive, the tax burden is reduced because of the tax treatment accorded profits from the sale of stock acquired under options. From the company's point of view, stock options may well cost considerably less than salary increases equal to option profits after taxes. For these reasons, hundreds of companies find it desirable to include stock options as a substantial element in their executive compensation plans. Today, about 50% of the companies listing stock on the New York Stock Exchange have instituted one or more stock option plans since 1950.

Another factor that has tended to increase the popularity of these plans is the 1954 Internal Revenue Code ruling on stock options. A summary of the provisions follows:

- An option grant is limited to the employees of the issuing corporation or of its subsidiaries at a price not less than 85% of fair market value.
- An option is exercisable only by the named employees or their heirs.
- An option is not transferable except by inheritance.
- Eligibility for an option grant at a price less than 110% of fair market value is limited to employees who, together with members of their families, own less than 10% of the outstanding voting stock.
- Employees are required to exercise their options while actively employed or within a period of three months following termination or retirement.
- Employees may not dispose of stock within two years of the date of the option grant nor within six months from the date of acquisitions.

These provisions include two significant changes from the 1950 Code. First, the definition of restricted options has been broadened to include variable stock option plans (see box, p. 267). This contributes to further tax savings. Previously, upon disposition of the stock, gains between 85% and 95% of fair market value were considered gross income and therefore subject to ordinary tax rates. Under the new ruling, part of such variable option gains is subject to the capital gains tax rate. Second, the 1954 Code also allows the executive who (together with members of his family) owns more than 10% of the voting stock to participate in an option plan. However, the option price for these "large" stockholders may not be less than 110% of fair market value.

NEW PLANS

Historically, stock option plans have been adopted by companies and offered to employees in a rising market. During the past two years, several new plans have come to the attention of THE CONFERENCE BOARD. Twenty-four of these plans were approved by stockholders and put into effect between February, 1955 and April, 1956. Fourteen industries are represented in the twenty-four plans. The breakdown is as follows:

Industry	*No. of Companies*
Building products	1
Chemicals and allied products	6
Electrical equipment	1
Food and kindred products	3
Nonelectrical industrial equipment	2
Office machines	1
Primary ferrous metals	2
Retail trade—food	1
Rubber products	1
Shipbuilding	1
Textile mill products	1
Tobacco products	1
Transportation—leased equipment	2
Transportation—railroad	1

The principal provisions of 101 other plans have previously been published by the Board—one group in September, 1951,[1] the other in May, 1954.[2] A comparison of the twenty-four new plans with the earlier groups shows that the basic provisions do not vary much from those reported on in 1954. (The principal provisions of the twenty-four plans are tabulated starting on page 292.)

However, the life of the plans or the period of time

[1] "Executive Stock Ownership Plans," *Studies in Personnel Policy* No. 120.

[2] "New Stock Option Plans," *Management Record*, May, 1954.

Variable Price Stock Options

Prior to the 1954 Code, Section 421 (d), stock options only qualified as "restricted" if the contract between the company and the employee specified, among other things, fixed prices at which shares could be purchased. The Code now permits options without the price having to be specified on the date of the grant. Instead, prices can be based on a formula related to the stock's fair market value on dates subsequent to those of the grant. The fair market value can be stated as the price of the stock on any given date during a six-month period, including the date of exercising the option, or as the average for a six-month or shorter period.

Potential tax benefits and gains under the new ruling are a motivating force for optionees to maintain interest in and exercise options even though market values slip to lower levels than those prevailing on the date of the grant. Countering this potential advantage, however, is the risk of paying relatively higher prices for the stock and making less net profits. Upon disposition of stock purchased at 85%-95% of fair market value under a variable price option, the gains subject to ordinary tax rates are the lesser of:

1. excess of fair market value on date of disposition over price paid at time of acquisition, or
2. excess of fair market value on date of option grant over option price, as if option were exercised on the date of grant.

Only the difference in gains is taxed at the capital gains rate.

Example A: An employee received an option of 5,000 shares exercisable in five equal annual installments after a one-year waiting period. The price under the option was 90% of fair market value. On the date of the grant, the fair market value was $50 per share. One year later the market value dropped to $40 and the employee exercised his option, buying 1,000 shares for $36,000—90% of the fair market value of $40 per share. After holding the stock for eighteen months, the employee sold his 1,000 shares at $60 per share or $60,000.

Total gain from sale ($60,000 minus $36,000)		$24,000
1. Value at time of sale	$60,000	
Price paid when acquired	$36,000	
Gain	$24,000	
2. Value on date of option grant	$50,000	
Price on date of option grant	$45,000	
Gain	$ 5,000	
Subject to ordinary tax rates: the lesser of 1 or 2		$ 5,000
Difference subject to capital gains rate		$19,000

Example B: On April 1, 1954, an employee was granted an option to buy 1,000 shares, exercisable in whole or in part at any time. The fair market value on the date of the grant was $100 per share and the price to be paid under the option was set at 85%. The employee exercised his option in part on March 1, 1955, buying 100 shares for $13,600—85% of the fair market value of $160 per share. On June 1, 1956, he sold his 100 shares for $22,000.

Total gain from sale ($22,000 minus $13,600)		$ 8,400
1. Value at time of sale	$22,000	
Price paid when acquired	$13,600	
Gain	$ 8,400	
2. Value on date of option grant	$10,000	
Price on date of option grant	$ 8,500	
Gain	$ 1,500	
Subject to ordinary tax rates: the lesser of 1 or 2		$1,500
Difference subject to capital gains rate		$6,900

within which options are granted appears to be getting longer. An increasing number have "indefinite" terms and no plan runs for less than a five-year period. The terms of the option periods are:

Indefinite	9 plans
15 years	1
10 years	2
8 years	1
7 years	2
5 years	9

In contrast, there is no apparent change in the life of individual options. All twenty-four plans allow optionees to exercise rights to purchase shares within five to ten years so long as the optionee remains with the company. However, should his employment terminate because of resignation or retirement, eighteen plans permit the optionee the maximum of three months, as provided under the Internal Revenue Code, to exercise his rights. One plan allows only one month, while in two others the time is not fixed. Three plans require that all rights under the option be terminated forthwith.

The amount of stock set aside or authorized for optioning seems to be narrowing. The percentage of shares available for option as compared to total shares outstanding, on the date of adoption, ranges from less than 1% to more than 8% in the twenty-four plans. The distribution is as follows:

0.9%-5.0%	15 plans
5.1%-6.0%	4
6.1%-8.4%	5

The low of 0.9% provides for optioning 225,000 shares in the plan of a chemical company. The high of 8.4% authorizes 75,000 shares in a plan adopted by an electrical equipment manufacturer. The greatest number of optionable shares is one million—4.1% of total outstanding—offered by a railroad. The smallest number is 21,000 shares—1.1% of outstanding—authorized in a plan limited to the president and board chairman of an industrial equipment manufacturer. It is conceivable that the reduction in the percentage of authorized shares is in the interest of stockholder relations.

Setting option prices at not less than 95% of the fair market value is a continuation of the trend reported in 1954. Minimum option prices provided for in the plans are:

Not less than 110%	1 plan
At or not less than 100%	5
At or not less than 95%	15
95%-105%	1
85%	2

Included in the not-less-than-95% group is an electrochemical company setting the option price at 25 cents above 95% of the fair market value.

All the plans call for payment in full upon exercise of options, with no assistance from the company in making the purchases. Two plans specifically state that "the company is prohibited from making loans to optionees. . . ." The practice of making no loans stems from the fact that the laws of most states hold corporate directors and officers jointly and severally liable for any and all loans used to buy or carry company stock.

From this summary of the major provisions of the twenty-four plans, an "average plan" might be one having authorized shares equal to about 5% of the total outstanding, priced at not less than 95% of fair market value, with a five to ten year life and requiring full payment when exercised. This "average plan" is typical of most plans adopted since 1951. And, as already stated, the newer plans appear to be patterned very closely after the earlier plans qualifying under the Internal Revenue Code. However, a few of the plans do have special provisions governing eligibility, installment purchase contracts, stock acquisition and forfeiture of rights that are worth noting.

Eligibility and Participation

Eligibility as defined in twenty-three plans is restricted to *regularly employed officers and key employees judged to be responsible for contributing to the financial success and growth of the company.* Approximately half further qualify the definition with the statement, "within the meaning of Section 421 of the Internal Revenue Code of 1954." The president and board chairman are the only participants in the one remaining plan.

Eligibility, as has been stated in previous articles on executive compensation, is no guarantee of participation in a plan. An administrative body, usually a committee of three or more directors or the board itself, from time to time selects participants from the list of eligibles. This same committee also determines the number of shares in each option, the life of individual grants and the purchase prices—within the provisions of the plan.

In a majority of cases, participation is limited to a fixed number of employees. The limitation applies either to the total number of participants during the life of the plan or the number of initial optionees or both. For example, a primary metal processor fixes the number of participants over the life of the plan as not to be in excess of fifty, including eight officers and directors. An electrochemical company grants options to a maximum of one hundred over a ten-year period; but not more than fifty may participate in initial grants. Twelve plans limit participation to fifty employees or less; three set a maximum of one hundred employees; and one sets the maximum at 200 employees. A tobacco products manufacturer sets a limit by granting options only to those employees receiving a base salary of $15,000 or more per year. Another plan divides options into Class A and Class B. These classes differ only in the manner of selecting participants from the eligible list of "key employees under sixty-four years." Indirectly, the salary criterion limits the number of participants who may receive Class A options, which are defined as:

> " . . . options granted to all qualified individuals whose salaries are equal to or in excess of an established level at a given date . . . strictly in proportion to the respective salaries of the individuals to whom they are granted. . . . Each Class A option shall be for the nearest full number of shares of common stock which can be purchased at the option price with a sum of money equal to one year's salary of the optionee . . . in effect for him on the date the option is granted."

Class B options are granted without any reference to the salary rate of the optionee. A unique feature of this plan is that a participant may receive options of both classes.

Five of the twenty-four plans set age limits for participation—one at sixty years, one at sixty-two years, one at sixty-four years and two at sixty-five years. One of the two companies setting sixty-five as a limit extends the age to seventy for those employees with whom the company has an agreement to retain their services to the date of attaining age seventy. However, the optionee is expected to sacrifice a part of his salary for each of the five years, in proportion to the number of shares included in the option grant. The mechanics for computing the cut in salary are explained to stockholders as follows:

"If it shall be determined that an option under the plan

should be granted to any officer with whom an agreement has been made . . . for retention of services until age seventy is attained, such grant will be made only if such officer agrees to a reduction (at the rate of $1 for each share of common stock optioned to him) in the compensation payable to him in each of the years from age sixty-five to age seventy. Any reduction so agreed to shall have effect whether such officer does or does not exercise the option grant."

All but four of the plans fix the maximum number of shares optionable to an individual participant. Most plans specify either the number of shares or a percentage of the total authorized. In addition to the plan referred to as having two classes of options, two others relate the maximum number of shares optionable to annual income. One provides that the "maximum . . . shall not be in excess of 100 shares for each $1,000 received as income during the preceding fiscal year." The other does not spell out the limitations in the plan. Instead, the administrative body follows the practice of granting options when the aggregate purchase cost of total shares is between two and two and one-half times the optionee's annual income.

Setting ceilings on options according to income has the advantage of providing a sound incentive without placing the exercise of an option beyond the financial means of the optionee.

While most plans set maximums for each participant, others set ceilings for the total participants. For example, the plan of a food processor states that not more than 52,000 of the 75,000 authorized shares are to be optioned to the initial thirty-one participants. The remaining 23,000 shares are reserved for "attracting competent management personnel." A chemical company limits its plan to 100 participants including twelve directors. Ceilings on optionable shares apply only to directors. Not more than 40% of the authorized 450,000 shares may be optioned to the directors over the ten-year life of the plan. And directors are to receive no more than 4,000 shares individually nor more than 30,000 shares collectively in any one calendar year. A transportation company has a plan providing for not more than 10% of the authorized 100,000 shares to any one participant and not more than 50,000 shares in the aggregate to the initial twenty-five participants. The 50,000 remaining shares are reserved for grants to "future key employees and officers, whether or not they are presently employed."

Installment Purchase Contracts

Because of the relatively few employees covered in most plans, it can be assumed that only top executives in profit-influencing positions normally receive option grants. Companies give two reasons for following this course. First, top executives are judged to be financially sophisticated enough to evaluate the incentive merits of options. Secondly, their gross income is subject to tax rates considerably higher than the 25% capital gains rate.

Notwithstanding these facts, there is recognition that many options to top executives are beyond their ability to pay for stock purchases without resort to heavy borrowing. Several plans allow for options of 5,000 or more shares. Assuming a net option price of $50, to exercise all rights the optionee would be required to pay $250,000 in cash, an amount which few businessmen would be likely to have at their immediate disposal.

One of the methods for financing the exercise of an option is the installment purchase contract between the employee and the company. Three of the twenty-four plans make provision for such an agreement. One plan empowers the administrative body to prescribe installment purchase terms at the time of individual grants. It is possible under this plan to vary the terms from one optionee to another. Conditions governing installment purchases in the two other companies are defined in the plan and apply to all optionees.

A chemical company authorizes installment payments through payroll deductions. The optionee gives a written statement as to the amount to be deducted each pay period. He is also permitted to make additional deposits with the company. His payroll deductions, his deposits and interest at 4% are all credited to his account and may, at the optionee's election, be applied to the purchase price of the stock. He receives a statement of his account annually. Installment payments can be changed or cancelled by the optionee at any time, and he may withdraw all or any part of his account without affecting his option. However, the total amount in his account cannot be in excess of the purchase price of the total number of shares in the option. The optionee has no stockholder rights until the company receives full payment and stock certificates are issued. Upon termination of employment for any reason or in the event of death, funds held by the company are returned with accrued interest at 2% to the optionee or his beneficiary. Any funds remaining after the expiration date of individual options are also returned.

An industrial equipment company provides for installment purchases of a specified number of shares. The administrative body is empowered to fix the minimum number, but this minimum cannot be in excess of 100 shares. The minimum down payment per share is $10. As the shares are paid for in full, stock certificates are issued. Installment purchases are limited in that the aggregate of the unpaid balance on pledged shares is not to exceed the optionee's total annual income of the preceding fiscal year. If the optionee defaults in payments, the company may sell any pledged stock and apply the proceeds to

(Continued on page 291)

Steel Strike Settlement

THE STEEL settlement of July 27 spelled the end of the strike of 650,000 steelworkers in the nation's basic steel plants. The strike was settled in its twenty-seventh day. Identical settlement agreements were signed by twelve of the nation's largest steel producers.[1] These agreements cover only economic items, with the exception of union security. Noneconomic items were worked out directly by individual companies and the union in separate contract negotiations.

The steel strike settlement did not acually end the strike. Rather it provided the basis for the settlement of economic items. But only when the contracts, covering both economic and noneconomic items, were signed about a week later did the strikers go back to work.

In exchange for a three-year, no-strike agreement, the twelve basic steel companies granted an economic package valued by the union at 45.6 cents an hour per worker. The union breaks down the value of the package to the average steelworker this way:

1st year	20.3¢, of which wage increases represent	10.5¢
2nd year	12.2¢, of which wage increases represent	9.1¢
3rd year	13.1¢, of which wage increases represent	9.1¢
Total package:	45.6¢	Total wage increase: 28.7¢

The companies figure that the cost per worker over the three years will be from 52 cents to 55 cents an hour. But this does not include the cost of pensions, a figure which differs from company to company.

The principal provisions of the three-year agreement are given below.

WAGE INCREASES

Steelworkers get general wage increases for each of the contract's three years. The amount of the increases is as follows:

As of contract signing: ..... 7.5 cents per hour

As of July 1, 1957: ..... 7.0 cents per hour

As of July 1, 1958: ..... 7.0 cents per hour

[1] The twelve basic steel companies signing the strike settlement are: United States Steel Corporation; Bethlehem Steel Company; Republic Steel Corporation; Jones & Laughlin Steel Corporation; The Youngstown Sheet & Tube Company; Inland Steel Company; Armco Steel Corporation; Great Lakes Steel Corporation; Wheeling Steel Corporation; Pittsburgh Steel Company; Allegheny Ludlum Steel Corporation; and Colorado Fuel & Iron Corporation.

Increment Increases

In addition to the general wage boost, steelworkers also receive increases through the following changes in the job classification system:

As of Contract Signing: ..... Job Class 1 is combined with Job Class 2. Including the 7.5 cents general wage increase, this advances the steel wage floor 13.5 cents; from $1.685, it moves up to $1.82 an hour. (See the table and chart.)

The increment between each of the remaining thirty-one classifications is increased by 0.3 cents per hour. Thus the $3.545 skilled mechanic in top Job Class 32 gets a 7.5 cents an hour general increase plus a 9.0 cents an hour increment increase (30 x 0.3 cents). This 16.5 cents net increase advances the new 1956 top rate to $3.71 an hour.

As of July 1, 1957: ..... The increment between job classes is increased by 0.2 cents an hour. The skilled mechanic in Job Class 32 thus gets his 7 cents general increase plus a 6 cents increment increase (30 x 0.2 cents). His 13 cents increase boosts the 1957 top-job rate to $3.84 an hour.

As of July 1, 1958: ..... The increment between job classes is increased by 0.2 cents an hour. The lowest-paid worker during the last year of the three-year contract gets a 7 cent general increase but no increment increase. The 1958 steel wage floor will be $1.96 an hour. The skilled mechanic in Job Class 32 gets his 7 cents general wage increase plus a 6 cents increment increase, for a top rate of $3.97. Thus, the 1958 steel wage spread will be from $1.96 to $3.97 an hour.

Cost of Living Escalator

On top of the general wage boost and the increment increases listed above, steelworkers will also get cost of living increases if the consumer price index goes up sufficiently. The measuring point for upward adjustments is the June 15, 1956, Bureau of Labor Statistics' consumer price index of 116.2. But if the index should fall below 116.2, there would be no decrease.

The settlement provides that the following cost of

living adjustments will be added to each employee's straight time hourly earnings should the index rise the appropriate amount.

BLS Consumer Price Index	*Cost of Living Adjustment*
116.5 or less	None
116.6-117.0	1¢ per hour
117.1-117.4	2¢ per hour
117.5-117.9	3¢ per hour
118.0-118.3	4¢ per hour

As can be seen from this tabulation, the strike settlement provides for a 1 cent upward adjustment for each 0.4 or 0.5 change in the index. But downward adjustments will not be made unless the amount of the decrease is at least 2 cents. And, as already stated, there is to be no decrease for any index decline below 116.2.

Cost of living adjustments can be made twice a year: on the first pay periods after January 1 and after July 1. Adjustments will be based on the BLS consumer price index as of the prior November 15 and May 15. The first cost of living adjustment will be made on the first pay period after January 1, 1957, should the index have risen the required amount.

Incentive Adjustments

Employees on incentive get their incentive pay on one of the following two bases:

1. Standard hourly rates. This system is quite general in the steel industry, and the rates are those given in the table. The strike settlement provides that these employees will continue to get their incentive earnings on the standard hourly rates. At the time of the annual wage increases, however, their incentive earnings will be based on the new standard hourly rates that then go into effect.

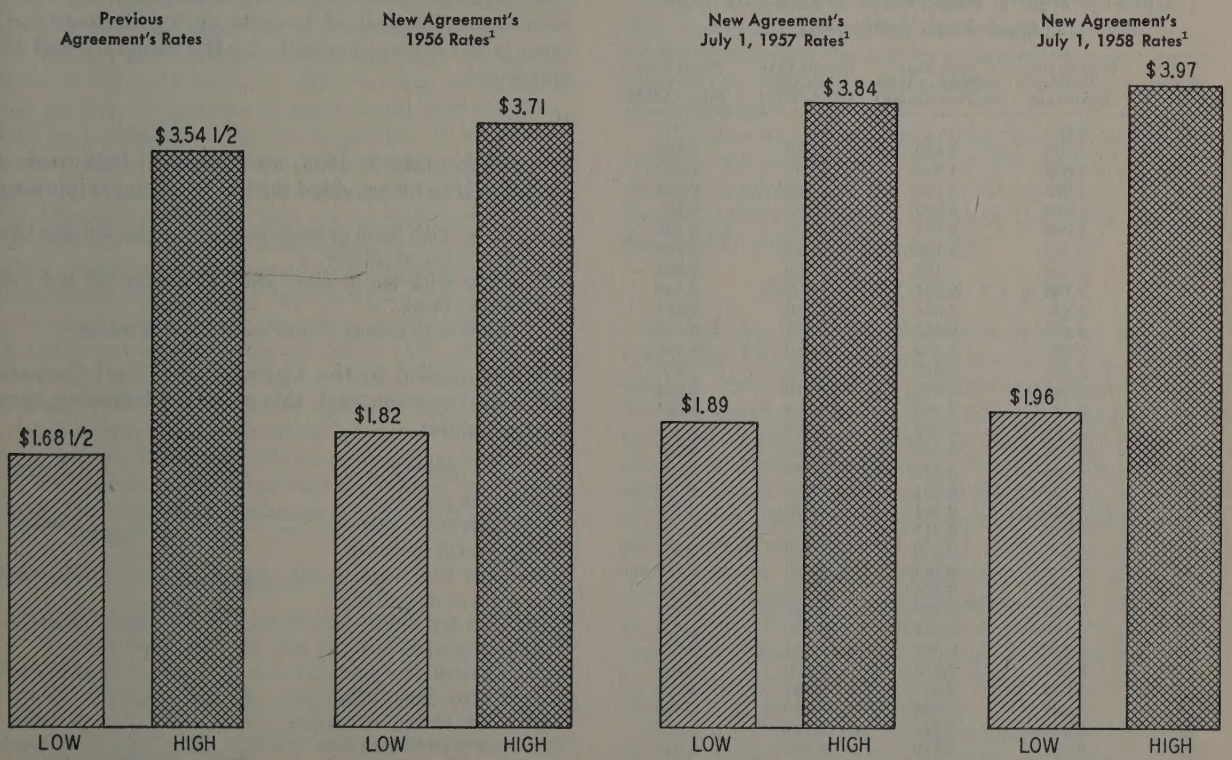
2. Other wage rate systems. The strike settlement provides that at the time of annual wage increases employees on these other systems will get a percentage increase in their *earnings* rather than in their base rates. The percentage increase that such an employee gets is to be equal to the percentage by which the standard hourly rate for his particular job exceeds the rate that is in effect the day before the annual wage increase.

The settlement provides that the incentive-earnings figure used in these computations will exclude overtime, shift and Sunday premiums.

THE REST OF THE PACKAGE

Besides the increases in wage rates the strike settlement agreement directs that a number of other important changes be negotiated in the new contracts. These various items will be considered separately here.

Comparison of Basic Hourly Wage Rates Before and During Three-Year Steel Agreement



[1] Basic hourly rates to which cost of living increases will be added if the consumers' price index rises.

Supplementary Unemployment Benefits

The strike settlement did not include a detailed supplementary unemployment benefit plan. Rather, it directed the parties to negotiate details of a SUB plan that would apply to all employees with two or more years of continuous service. (This is one year less than the three years required in the Continental Can agreement.[1]) The agreement requires that the SUB plan be financed by company contributions to a trust fund of 3 cents per man-hour, beginning as of the date of the execution of the agreement. For each month that the level of the trust fund is less than 100% of the required maximum, an additional 2 cents per man-hour will be paid by the company as a contingent liability. However, the strike settlement specifies that "the unused contingent liability shall be cancelled at the end of the contract."

Pensions

The strike settlement calls for the negotiation of new pension agreements, stipulating that they provide the following benefits:

1. Effective November 1, 1957, the minimum monthly benefit to employees retiring after that date is to be increased to $2.40 a month for each year of service prior to November 1, 1957, and $2.50 a month for each year of service after November 1, 1957, up to a maximum of thirty years preceding retirement.

2. Effective November 1, 1957, pension benefits to already retired employees are to be increased in the following way. Each person retired under the 1949 plan and prior to November 1, 1954, is to get a pension based on a minimum guarantee of $2 a month for each year of service up to thirty years. Each person retired under the 1954 pension agreement and prior to November 1, 1957, is to receive a pension based on a minimum guarantee of $2.25 a month for each year of service up to thirty years.

Insurance

The strike settlement agreement covering insurance specifies that the following changes be incorporated in the contracts:

1. A new insurance agreement is to be negotiated, with the new benefits effective September 1, 1956.
2. Effective September 1, 1956, company contributions to the insurance fund are to be increased by an additional 1.5 cents an hour. An additional 1.5 cents per hour is also to be paid by the employees.
3. An agreement is to be negotiated that any future increase in the cost of benefits during the contract's term is to be shared equally by the company and the employees.

Vacations

As of January 1, 1956, an additional half week of vacation is to be provided for the following employees:

1. Those with three or more years of service but less than five years of service.
2. Those with ten or more years of service but less than fifteen years.
3. Those with twenty-five or more years of service.

When applied to the United States Steel Corporation's previous contract, this gives the following vacation schedule:

Service	*Vacation*
One year or more but less than three years	1 week
Three years or more but less than five years	1½ weeks
Five years or more but less than ten years	2 weeks
Ten years or more but less than fifteen years	2½ weeks
Fifteen years or more but less than twenty-five years	3 weeks
Twenty-five or more years	3½ weeks

(Continued on page 304)

[1] For details of the Continental Can SUB agreement, see "The Can Companies' Supplemental Benefits Plans," October, 1955, *Management Record*, p. 394.

Standard Hourly Wage Rates Covered by 1956 Steel Strike Settlement

Job Class	Prior to 1956 Strike Settlement	First Year (Effective 1956 contract signing)	Second Year (Effective July 1, 1957)	Third Year (Effective July 1, 1958)
0-1*	1.685			
2*	1.745	1.820	1.890	1.960
3	1.805	1.883	1.955	2.027
4	1.865	1.946	2.020	2.094
5	1.925	2.009	2.085	2.161
6	1.985	2.072	2.150	2.228
7	2.045	2.135	2.215	2.295
8	2.105	2.198	2.280	2.362
9	2.165	2.261	2.345	2.429
10	2.225	2.324	2.410	2.496
11	2.285	2.387	2.475	2.563
12	2.345	2.450	2.540	2.630
13	2.405	2.513	2.605	2.697
14	2.465	2.576	2.670	2.764
15	2.525	2.639	2.735	2.831
16	2.585	2.702	2.800	2.898
17	2.645	2.765	2.865	2.965
18	2.705	2.828	2.930	3.032
19	2.765	2.891	2.995	3.099
20	2.825	2.954	3.060	3.166
21	2.885	3.017	3.125	3.233
22	2.945	3.080	3.190	3.300
23	3.005	3.143	3.255	3.367
24	3.065	3.206	3.320	3.434
25	3.125	3.269	3.385	3.501
26	3.185	3.332	3.450	3.568
27	3.245	3.395	3.515	3.635
28	3.305	3.458	3.580	3.702
29	3.365	3.521	3.645	3.769
30	3.425	3.584	3.710	3.836
31	3.485	3.647	3.775	3.903
32	3.545	3.710	3.840	3.970

* In the 1956 strike settlement, job classes 0-1 and 2 were combined.

The Transferred Employee Sells His Home

Some companies have special provisions to protect employees from loss in the sale of property when the move is at management's request

EVEN IF a company pays the full cost of transportation and moving furniture, the employee who is transferred to another location frequently finds himself out of pocket. For one thing, appreciable loss may result from having to sell his home in a hurry.

This consideration has acquired importance only recently. Today, the transferee is very likely a home owner rather than a renter. According to a survey of consumer finances, the majority of all nonfarm families in the United States now own their own homes, and the proportion is growing. Until recently, however, because of the housing shortage, an owner usually could sell at a good price, even if time for advertising and showing his property was short.

Within the last two or three years, the picture has changed. With more property available, buyers no longer are snatching at anything that is offered; they are taking time to compare values and look for bargains. The employee-owner who is moved on short notice is therefore placed at a disadvantage.

If several representatives of a company are transferred at the same time, the disadvantage tends to be even greater. Employees of some companies are clannish; they locate in a particular section of a town or in a particular suburb. Several pieces of property offered simultaneously in the same neighborhood may well depreciate the price that can be obtained.

A recently completed Conference Board survey of company assistance with employees' moving expenses[1] shows that companies are beginning to give attention to the matter of potential loss when employees have to sell their real estate. Approximately 14% of the 151 companies that reported on individual transfers (as contrasted with group moves) give this protection as a regular practice to members of top management personnel. An additional 4% do so in special instances, and the percentages extending assistance to supervisory, technical and professional personnel are only slightly lower.

MEANING OF LOSS

Protection against loss naturally brings up the question of what is meant by the term. Is it investment loss? Does it mean that the employee has to sell his property for less than he originally paid for it? Or does it mean that he must accept less than he has put into the place through the years (cost plus improvements)? In arriving at a loss figure, should depreciation be considered? Should any thought be given to the use of the property that the employee has had? If he had not owned his home, probably he would have been paying rent. Accordingly, perhaps it would be fair to consider a value of occupancy in determining whether actual loss has been sustained. On the other hand, if he had not had his money tied up in the property, he could have invested it in other ways.

Perhaps loss means only that the owner who sells hastily has to accept less than a fair market value, regardless of whether he sells for more or less than he originally paid for the property.

A number of companies are taking this viewpoint. Their intent is only to prevent employees from having to accept less than a fair market value for their homes, which, it is assumed, they would be able to obtain if they had enough time. The company obligation stems from the fact that the employee is asked to move on a given date, often with little notice, for the benefit of the company.

"We have no intention of bailing the employee out," explains an executive of one of the companies that protects against loss, "if he paid too much for his home, or spent money on additions that have not increased the value of his property."

COMPANY OFFER TO BUY

Two of the 151 companies whose practices were reviewed by THE CONFERENCE BOARD will act as the employee's agent and sell his property later; nine offer to buy the property, usually for its market value as determined by special appraisers. A pharmaceutical company asks three appraisers to determine the market value of the property for sale. It then uses an average of the three when buying the house. A publishing company pays a price arrived at by several independent appraisers. An insurance company will take over the employee's residence at market appraisal. If, however, an employee is moved within two years after he has been transferred to a given location and has owned his home for one year, this company will pay the employee whatever he paid for his house.

Executives of three of the nine companies that offer to buy explain that if the amount the company re-

[1] "Company Payment of Employees' Moving Expenses," *Studies in Personnel Policy*, No. 154.

ceives when it disposes of the property is greater than the sum given to the employee, the difference is turned over to the employee.

Twelve companies work out the matter of loss on an individual basis with each employee. The policy statement of a machinery manufacturing company, for instance, specifies that "the original capital investment and the value of any major capital additions made by the employee (repairs not included) should be ascertained to determine the terms and circumstances of the forced sale."

This distinction between capital improvements and necessary repairs is one that is made frequently. Some companies distinguish between structural improvements and other types of improvements, excluding from consideration such expenses as landscaping.

A large food retailing company requires that the employee submit a statement to the company showing the original cost of the property, improvements, selling expenses and sales price. The amount of any cash payment that is decided upon as a result of these figures must be approved by the company's president.

FORMULAS FOR DETERMINING LOSS

Twelve companies provide a formula or specify certain items to be considered in arriving at a settlement. But these provisions are varied; no pattern is evident.

A food products company pays the difference between the following two figures: (1) the cost of the property plus capital improvement, less depreciation, and (2) the sales price, less cost of sale.

A paper manufacturer pays the difference between sales proceeds and purchase price, or the difference between sales proceeds and appraisal price, whichever is less. If an employee paid $9,000 for his home, and it was appraised at $10,000 and sold for $8,000, the company would reimburse him for $1,000. This would be 100% of loss as related to cost; 50% as related to appraised value.

A building materials company follows a similar practice but adds the item of improvements and specifies a limitation. This company "will consider reimbursing the employee for the difference between the original cost plus cost of structural improvements but not replacements, or the appraised value (whichever is less) and the forced sales price." Such reimbursement to the employee normally is limited to an amount equal to six months' earnings at the approved rate for the new job and is paid only on receipt of evidence that the house has actually been sold at a loss.

Two of the companies specify a depreciation allowance. A chemical company pays the difference between the sales price and the cost of the property minus 2% depreciation per year plus capital improvements plus the real estate agent's fee for selling. A communications company generally limits its settlements for loss to the excess, if any, of the cost of the house (including improvements, as differentiated from normal maintenance such as painting and papering) less depreciation, which is normally computed at a rate of 2.5% per year, over the sales price of the house. If a sales commission is paid, this is subtracted from the selling price.

This company also pays the approximate net carrying charges (maintenance, interest, taxes and insurance, less rental if any) for the period between the time when the employee vacates his home and the date of sale of the house. Normally this period is not supposed to be longer than three months.

One of the companies that offers to buy at special appraisal value states the following conditions:

> "The corporation will offer to acquire homes of transferred employees at their appraised value at time of transfer less the unpaid principal and interest of mortgages and the amount necessary to discharge all other liens and encumbrances. The appraised value will be determined by competent real estate appraisers appointed by the housing department.
>
> "Acceptance or rejection of the corporation's offer shall be entirely voluntary on the part of the employee. If the offer is accepted, payment to the employee will be made on transfer of title.
>
> "All costs incident to the corporation's offer and to the transfer of title, such as appraisal and legal fees, title search, recording fees, will be borne by the corporation.
>
> "The corporation will absorb all costs incident to its ownership and disposal of the homes of transferred employees. Such costs will include broker's commissions, legal fees, tax stamps on deeds, and prepayment penalties, if any, should the corporation decide to pay and discharge the mortgages.
>
> "The corporation will absorb any loss resulting from its failure as owner of the property to dispose of it for an amount equal to the payment to the employee.
>
> "The corporation will turn over to the employee any profit resulting from disposal of the property for an amount greater than the appraised value.
>
> "The corporation will not absorb any book or real loss to the employee between his cost of the property and the amount paid for the property by the corporation."

A machinery manufacturer makes a flat 10% allowance on the sales price of an employee's property. This allowance is intended to cover loss on sales price as against dollars invested and realtor fees, as well as miscellaneous costs of moving (refitting rugs, draperies, etc.).[1]

Whether or not direct loss is incurred, an insurance company helps with the sale of property through reimbursing the employee for the following items:

(1) brokerage fee up to but not in excess of 5% of the selling price of the house; (2) mortgage cancellation fee; (3) title clearance or abstract; (4) revenue

[1] See "Employees' Extra Moving Expenses," in the July, 1956, *Management Record*. This article describes the special allowances that many companies are providing for the miscellaneous costs of moving.

stamps; (5) preparation of deed when necessary; and (6) penalty charge of mortgage prepayment.

PROTECTION IN GROUP MOVES

Of thirty companies that transferred groups of employees (most of the moves were effected within the last five years), seven protected top management personnel from loss in the sale of property. Six companies did so in the case of supervisory employees. Two of the companies offered to purchase the employee's property at special appraised value. And one of these two, a manufacturer of electrical equipment, gave employees six months to consider the company offer, during which time they could try the market for a more favorable sale.

A chemical company, while not offering to purchase employees' homes, had them appraised at company expense by a local real estate board. With company approval, an employee could then sell below this figure and be reimbursed for the difference.

Two companies, one an insurance firm, the other a soap manufacturer, used depreciation as a factor in determining loss. The former paid the employee the difference between the cost of the property and the selling price, less depreciation. (How depreciation was computed was not stated.) The latter paid the difference between the cost and selling price, less depreciation of 2.5% per year.

COMPANY LOANS FOR HOME PURCHASE

One reason for the forced sale of property is to obtain money for the purchase of a home in the new location—at least a sufficient amount for the down payment. By lending money on easy terms, a number of companies make it possible for employees to buy a new home while holding on to their property at the old location until a satisfactory price can be obtained.

More than a fourth of the 151 companies that provided information on individual transfers reported that they are making loans to assist with the purchase of homes in the case of top management, supervisors, technical, professional and sales employees.

There is considerable flexibility in the amounts loaned and the terms of the loans. Less than 40% of the companies that are making loans have established a maximum. These maximums run as high as $30,000 (for top executives in one company), the equivalent of a year's salary, and the equity in the employee's home at the old location. In many instances, the loan is intended only to cover the down payment; company assistance is provided to bridge the gap between purchase of the home at the new location and sale of the home at the former location.

The largest number of companies that make loans adjust their length to individual circumstances. Most of those that have set maximums lend for five years or less. More than a fourth charge no interest; about a tenth charge 2% or 3%; more than a fifth charge from 4% to 5%; and about a seventh charge from 5% to 6%. Usually, loans for which no interest is charged are short term.

About a third of the companies whose group moves were studied loaned money for the purchase of homes. In contrast to company practice in the case of individual transfers, the majority established a maximum for the amount that could be loaned. Twelve thousand dollars was the largest in terms of dollars; a year's pay was the largest in terms of compensation. Both short-term and long-term loans were made, the longest fixed maximum being twenty years.

GENEVA SEYBOLD
Division of Personnel Administration

Delivering Pay Checks by Air

The New York Trap Rock Corporation literally pays its employees from the air. Every other Friday, barge captains look skyward from moving tows on the Hudson River for their flying paymaster. A rotary wing helicopter flies up and down the Hudson, spots one of its many "moving air strips," swoops low and makes a deft landing on the vessel's load of crushed stone. Out steps the flying paymaster who pays those present on the tow.

The company reports this new pay practice has several advantages. In the past, pay checks accumulated at the office until called for by employees. Now employees are paid on time and so are better able to plan family expenditures. Also, payroll accounting methods are speeded up. And crew members are enthused over the novelty of being paid by air and the added time they can call their own because of not having to report in to pick up their checks.

Previously, the helicopter was used exclusively for transporting company executives, equipment and replacement parts between the office and plants located on both the east and west banks of the Hudson. The pilot reports he likes the expanded use of the aircraft because it makes him feel he is playing Santa Claus.

Vacations and Holidays: 1956[1]

This new survey once more underscores the trend to more paid time off for both salaried and hourly employees

AGAIN THIS YEAR, as in almost every year since World War II, the amount of time off with pay being granted by companies is on the increase. Longer vacations and additional holidays are giving the employee more leisure at no loss in pay. A recent survey of 301 companies documents this trend. (For the composition of the sample, see Table 1.) Most noticeable among these companies is the increase in the number of paid holidays, the increase in maximum vacation allowances, and the lowering of service requirements for various vacation periods.

VACATIONS

Longer vacations for employees are coming about in several ways. Most apparent, of course, is the increase in maximum vacation allowances. Ten years ago, a two-week paid vacation was the maximum most employees could look forward to. A 1947 survey of 175 companies showed 80% placed a two weeks' ceiling on vacations for hourly employees. In this year's survey, two weeks is the ceiling on vacations in only 18% of the 273 companies with hourly employees. More than four out of five of the companies have a maximum of more than two weeks for both hourly and salaried workers. (See Table 2.)

What's more, the percentage of surveyed companies granting a four weeks' maximum vacation has doubled in the past two years. In most companies, the four-week vacation is reserved for the employee with twenty or twenty-five years of service.

Not quite so apparent, yet possibly more effective in bringing longer vacations to more employees, is the lowering of service requirements for various vacation allowances. To qualify for a second week of vacation, for example, five years' service was a long-standing requirement for hourly employees. This year's survey shows that well over half the companies require less than five years' service. As shown in Table 3, more companies grant their hourly workers the second week of vacation after "three years or less" than after five years.

The lowered service requirement has been extended to the third week of vacation too. Almost a third of the companies with a three-week allowance grant the third week to salaried employees after less than fifteen years, while about one-quarter of the companies allow three weeks for less than fifteen years to hourly employees. By way of comparison, a survey two years ago showed that only about 10% of 305 companies granted the third week of vacation to their hourly employees after less than fifteen years of service.

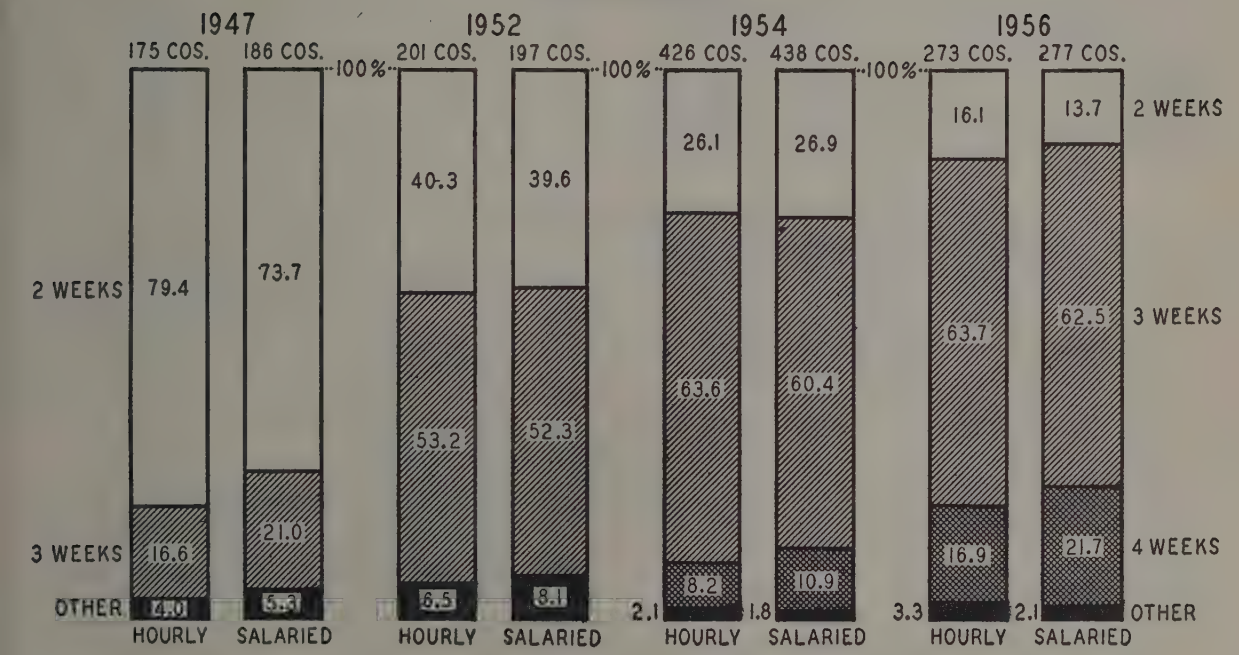
Another noticeable development in vacations among the surveyed companies is the granting of added vacation time on a day-per-year-of-service basis. This practice, which is extended to hourly employees in about 10% of the surveyed companies, naturally tends to give the shorter-service employee more vacation sooner. In some companies, the added day per year benefits the very short-service employees. It comes

Table 1: Industrial Distribution of Companies

Total companies	301	100.0%
By industry		
Agricultural equipment	5	1.7
Aircraft	9	3.0
Autos & auto parts	9	3.0
Cement, concrete, glass	15	5.0
Chemicals, industrial	15	5.0
Chemicals, pharmaceutical, soap	7	2.3
Electrical, machinery & products	16	5.3
Food, beverages, tobacco	26	8.6
Furniture & fixtures	6	2.0
Leather & leather products	9	3.0
Lumber	6	2.0
Machinery, except electrical	21	7.0
Machine tools	6	2.0
Metals, fabricated	19	6.3
Metals, primary	7	2.3
Office & store machines	7	2.3
Paper, pulp & products	19	6.3
Petroleum	7	2.3
Precision & scientific instruments	11	3.7
Printing & publishing	8	2.7
Rubber	6	2.0
Textiles & textile products	17	5.6
Transportation equipment		
Railroads	2	.7
Shipbuilding	2	.7
Total manufacturing	255	84.7
Banks & trusts	11	3.7
Insurance	15	5.0
Public utilities	11	3.7
Retail stores	9	3.0
Total nonmanufacturing	46	15.3

[1] Preliminary highlights taken from a report soon to be published. "Time Off with Pay" will cover all aspects of vacations, holidays and personal time off.

The Changing Picture of Time Off with Pay



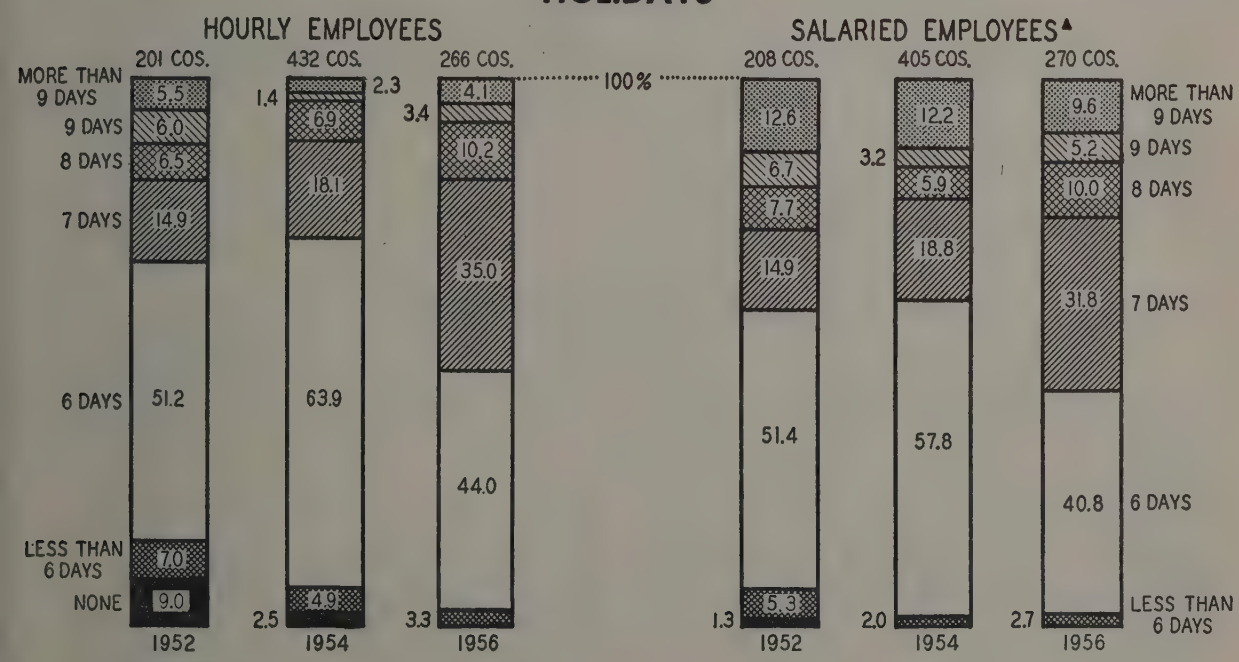


Table 2: Maximum Vacation Allowances

Vacation	Hourly Employees						Salaried Employees (Nonexempt)					
	Total	%	Mfg.	%	Non-mfg.	%	Total	%	Mfg.	%	Non-mfg.	%
Total Companies	273	100.0	247	100.0	26	100.0	277	100.0	234	100.0	43	100.0
1 week	4	1.5	4	1.6	—	—	2	.7	2	.9	—	—
2 weeks	44	16.1	39	15.8	5	19.2	38	13.7	34	14.5	4	9.3
2½ weeks	1	.3	1	.4	—	—	—	—	—	—	—	—
3 weeks	174	63.7	163	66.0	11	42.3	173	62.5	155	66.2	18	41.9
4 weeks	46	16.9	37	15.0	9	34.6	60	21.7	40	17.1	20	46.5
More than 4 weeks	4	1.5	3	1.2	1	3.9	4	1.4	3	1.3	1	2.3

Table 3: Vacation Allowances and Service Requirements

Vacation Allowance	Total Companies*	Service Required																				
		per month	per 2 mos.	3 mos.	4 mos.	5 mos.	6 mos.	8-9 mos.	1 yr.	1½ yrs.	2 yrs.	3 yrs.	4 yrs.	5 yrs.	6-9 yrs.	10 yrs.	12-13 yrs.	15 yrs.	17 yrs.	20 yrs.	25 yrs.	30 yrs.	More than 30 yrs.
HOURLY EMPLOYEES IN 273 COMPANIES																						
1 day	19	12	7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
½ week	36	—	—	3	—	2	31	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1 week	251	—	—	1	—	1	43	3	203	—	—	—	—	—	—	—	—	—	—	—	—	—
1½ weeks	25	—	—	—	—	—	—	—	—	—	4	21	—	—	—	—	—	—	—	—	—	—
2 weeks	271	—	—	—	—	—	1	—	52	3	39	45	9	121	1	—	—	—	—	—	—	—
2½ weeks	24	—	—	—	—	—	—	—	—	—	—	—	—	2	1	21	—	—	—	—	—	—
3 weeks	222	—	—	—	—	—	—	—	1	—	1	2	2	6	2	32	5	162	2	6	1	—
4 weeks	48	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2	—	11	31	3
6 weeks	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Added day per year after:	29	—	—	—	—	—	—	—	16	—	—	—	—	—	—	13	—	—	—	—	—	—
Added day per 2 years after:	6	—	—	—	—	—	—	—	—	—	—	—	—	5	—	—	—	1	—	—	—	—
SALARIED EMPLOYEES IN 277 COMPANIES (NONEXEMPT)																						
1 day	47	42	5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
½ week	2	—	—	—	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1 week	214	—	—	7	4	1	150	—	52	—	—	—	—	—	—	—	—	—	—	—	—	—
1½ weeks	3	—	—	—	—	—	2	—	—	—	—	1	—	—	—	—	—	—	—	—	—	—
2 weeks	276	—	—	—	—	—	9	5	204	3	32	4	—	19	—	—	—	—	—	—	—	—
2½ weeks	12	—	—	—	—	—	—	—	—	—	—	—	—	1	—	11	—	—	—	—	—	—
3 weeks	234	—	—	—	—	—	—	—	1	—	—	3	—	12	2	39	4	165	1	7	—	—
4 weeks	58	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3	1	12	35	6
6 weeks	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Added day per year after:	11	—	—	—	—	—	—	—	1	—	—	—	—	—	—	10	—	—	—	—	—	—
Added day per 2 years after:	4	—	—	—	—	—	—	—	—	—	—	—	—	3	—	—	—	1	—	—	—	—

* Total companies refers to the total number granting the specified vacation allowance.

Table 4: Number of Paid Holidays

No. of Holidays	Hourly Employees						Salaried Employees (Nonexempt)					
	Total	%	Mfg.	%	Non-mfg.	%	Total	%	Mfg.	%	Non-mfg.	%
Total Companies	266	100.0	240	100.0	26	100.0	270	100.0	229	100.0	41	100.0
2 holidays	2	.7	2	.9	—	—	2	.8	2	.9	—	—
3 holidays	—	—	—	—	—	—	1	.4	1	.4	—	—
4 holidays	1	.3	1	.4	—	—	—	—	—	—	—	—
5 holidays	6	2.3	5	2.1	1	3.9	4	1.5	3	1.3	1	2.4
6 holidays	117	44.0	108	45.0	9	34.6	106	39.3	95	41.5	11	26.8
6½ holidays	4	1.5	2	.8	2	7.7	4	1.5	3	1.3	1	2.4
7 holidays	89	33.5	83	34.6	6	23.1	86	31.8	77	33.6	9	22.0
8 holidays	27	10.2	25	10.4	2	7.7	27	10.0	24	10.5	3	7.3
9 holidays	9	3.4	6	2.5	3	11.5	14	5.2	11	4.8	3	7.3
10 holidays	5	1.9	5	2.1	—	—	9	3.2	7	3.1	2	4.9
11 holidays	3	1.1	3	1.3	—	—	11	4.1	6	2.6	5	12.2
12 holidays	2	.8	—	—	2	7.7	1	.4	—	—	1	2.4
13 holidays	1	.3	—	—	1	3.9	4	1.5	—	—	4	9.6
14 holidays	—	—	—	—	—	—	1	.4	—	—	1	2.4

between the first and fifth year of service and takes this form: one week of vacation for one year of service plus an added day per year of service after one year, until the employee has reached two weeks' vacation after five years of service. Somewhat similar to this in purpose, is the practice among twenty-one companies of granting a one-and-a-half-week vacation to their three-year employees.

In other companies, the aim seems to be to increase the vacation allowance for employees with ten years of service who already have two weeks' vacation and are working toward a third week. In these companies, the added day per year usually starts after ten years. Most often it takes the form of two weeks' vacation after five years' service, plus an added day per year of service after ten years until the employee receives three weeks for fifteen years. More vacation for the ten-year man is also being accomplished by granting him an intermediate allowance of two and a half weeks. As shown in Table 3, twenty-one companies have adopted this practice for their hourly employees. It is not quite so frequent for salaried employees.

Differences between vacation practices for hourly and salaried employees are growing smaller, especially for the longer-service employees. The service required for the third and fourth weeks of vacation is pretty much the same whether the employee is on the hourly payroll or on salary. (See Table 3.)

Table 5: Actual Holidays Granted

Holidays	Hourly Employees				Salaried Employees (nonexempt)			
	Total	%	Mfg.	Non-mfg.	Total	%	Mfg.	Non-mfg.
Total Companies	266	100.0	240	26	270	100.0	229	41
New Year's Day	262	98.5	236	26	267	98.9	226	41
Lincoln's Birthday	9	3.4	6	3	22	8.1	13	9
Washington's B'day	55	20.7	45	10	79	29.3	57	22
Memorial Day	250	94.0	229	21	255	94.4	217	38
Independence Day	260	97.7	234	26	269	99.6	228	41
V-J Day (Sept. 2)	3	1.1	3	—	3	1.1	3	—
Labor Day	261	98.1	235	26	265	98.1	224	41
Columbus Day (Oct. 12)	18	6.8	14	4	30	11.1	20	10
Election Day	26	9.8	22	4	35	13.0	21	14
Veterans' Day (Nov. 11)	31	11.7	25	6	53	19.6	33	20
Thanksgiving Day	262	98.5	236	26	268	99.3	228	40
Christmas	265	99.6	239	26	269	99.6	228	41
Other days								
Day before Christmas	18	6.8	16	2	17	6.3	15	2
½ day before Christmas	9	3.4	9	—	8	3.0	8	—
½ day before New Year's	7	2.6	7	—	8	3.0	8	—
Day after Thanksgiving	5	1.9	5	—	4	1.5	4	—
Extra day—date not fixed*	6	2.3	6	—	6	2.2	6	—
Employee's b'day	7	2.6	6	1	6	2.2	4	2
Employee's employment anniversary	1	.4	1	—	1	.4	1	—
Extra day—employee's choice	2	.8	2	—	2	.7	2	—
Local Holidays								
Patriots' Day (April 19)	6	2.3	4	1	10	3.7	7	3
Bunker Hill Day (June 17)	1	.4	1	—	5	1.9	3	2
San Jacinto Day (April 21)	2	.8	2	—	2	.7	2	—
Other local days	7	2.6	6	1	7	2.6	5	2
Religious holidays								
Good Friday	29	10.9	24	5	33	12.2	27	6
Jewish holidays (2)	3	1.1	—	3	9	3.3	2	7
Easter (Sunday or Monday)	7	2.6	7	—	6	2.2	6	—

* Floating holiday—date designated by management.

HOLIDAYS

Accompanying the advance in vacation time is an increase in the number of paid holidays. Two years ago, six paid holidays for both hourly and salaried employees was the majority practice among companies participating in a Conference Board survey. This year, six holidays is still the most common practice. But a majority of companies report *more than* six holidays for both hourly and salaried employees. (See chart.)

About one-third of the companies in the survey grant seven holidays to both hourly and salaried employees; and 10% grant eight holidays. As in the case of vacation allowances, companies are still a little more liberal in granting holidays to salaried personnel than hourly people. This is most evident when the number of companies granting nine or more holidays is considered: 14.8% of the companies grant nine or more holidays to salaried employees; 7.5% of the companies have nine holidays for hourly workers. (See Table 4.) A large part of this difference is attributable to holiday practices among the nonmanufacturing companies that have no hourly employees.

But as more companies move to seven, eight or even more holidays, the pattern of observed holidays becomes more varied. To the standard six (New Year's Day, Memorial Day, July 4, Labor Day, Thanksgiving and Christmas), companies most often used to add Washington's Birthday, Armistice Day, or Election Day. Now a sizable number declare Good Friday a paid holiday. And an increasing number of companies make provision for a two-day holiday. For example, in eighteen of the cooperating companies, the day before Christmas is a formal paid holiday for hourly workers; nine companies give half a day before Christmas as a paid holiday; and five give a day after Thanksgiving as a paid holiday. Also noticeable is the tendency of companies to move toward "floating holidays" as the number of holidays increases, with the company designating the holiday to be observed each year. Another device used by a few companies is to declare the employee's birthday or employment anniversary date a paid holiday. This gives the employee a day off but does not disrupt the production schedule.

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Division of Personnel Administration

Workers' Budgets in Wage Negotiations

How valid is it to base pay demands on the budget of a hypothetical four-person family? Does the "average worker" fit this description?

THE AFL-CIO recently advised its member unions that average wages are currently falling short of the amount that a city worker needs to provide a "modest American level of living" for his family (wife and two children). In the April issue of the AFL-CIO's *Collective Bargaining Report*, the BLS four-person budget is described as a valuable yardstick for wage bargaining. Background data are also given on the content of the city worker's family budget (including up-to-date estimates of costs in twenty cities). And certain employer objections to such agreements are anticipated.[1]

The budget approach to wage negotiations, although as old as collective bargaining itself, has taken a back seat in recent years, as the emphasis shifted to cost-of-living and productivity increases. Therefore, in the light of the AFL-CIO's statement, it may be useful to review the subject of workers' budgets—and the relationship of average wages and budget costs.

TYPES OF BUDGETS

A cost of living budget furnishes an estimate of the total amount of income needed to maintain a specified level of living over the period of a year. It provides for the purchases of goods and services believed to represent this level of living, as well as for the payment of taxes; and it may also include an allowance for insurance and savings. The annual figure, of course, may be shown in terms of monthly or weekly costs by dividing by twelve or fifty-two.

Among the variables that the budgetmakers must decide on in advance are the size and type of family unit to which the budget will apply, the standard of adequacy it is to provide, the particular items and quantity of items needed annually to yield such a standard, and the time and place for pricing these items.

The use to which the budget will be put determines the type and size of family unit considered, as well as the standard of adequacy to be provided. In this country, cost of living budgets generally have served three different purposes: (1) as a measure of the need of applicants for public assistance; (2) as a guide to minimum wage administrators and wage boards under state minimum wage laws; and (3) as a criterion for wage determination under collective bargaining.[1] This article is concerned with the third use.

Wage earner budgets are usually related to a family unit composed of four persons—a worker who is the sole breadwinner, his wife, and two school-age children. The standard of adequacy these budgets purport to represent is a "decent American" level of living. Over the past two decades, budgets that provided a "minimum subsistence" level of living have given way to this concept.

CITY WORKER'S FAMILY BUDGET

The city worker's family budget to which the AFL-CIO referred has been described as "modest but adequate." It was developed by the Bureau of Labor Statistics in 1946-1947 under the guidance of a technical committee. In general, the items and quantities included were chosen on the basis of two guiding principles—scientific standards, where available, and prevailing practices. For food and housing, technical standards of adequacy formulated by specialists were used as a starting point. These were then translated into a list of foods and a description of housing by reference to the actual buying and renting practices of families with moderate incomes.

With regard to clothing and other goods and services for which no "scientific" standards exist, the sole criterion was what consumers themselves thought was necessary. Studies of city family expenditures made between 1929 and 1941 were used for this purpose. The relation between amounts bought and changes in income were charted. And the point where the increase in buying showed a tendency to decline as a percentage of income was selected as the budget level.[2]

The items were priced in thirty-four large cities by the Bureau of Labor Statistics in March, 1946, June, 1947, and October, 1949, 1950 and 1951.[3] If more re-

[1] For highlights of the AFL-CIO report, see "Labor Press Highlights," *Management Record*, May, 1956.

[1] They have also been used in broad economic analyses to measure the prevalence of poverty at a given time and place, to evaluate progress in removing poverty, etc.

[2] See "The City Worker's Family Budget," by Lester S. Kellogg and Dorothy S. Brady, in "Workers' Budgets in the United States: City Families and Single Persons, 1946 and 1947," Bureau of Labor Statistics, Bulletin No. 927.

[3] The most recent estimates appeared in "City Worker's Family Budget for October, 1951," *Monthly Labor Review*, May, 1952.

cent budget costs are desired, it is possible to approximate them by applying the changes in the price level and in OASI and federal income-tax rates to the October, 1951, data. In this manner, THE CONFERENCE BOARD estimated that the average annual cost of the four-person budget in twenty-six cities during the first quarter of 1956 was $4,299.

When the budget was developed for a city worker's family of four, it was anticipated that comparable budgets would later be prepared for families of larger and smaller sizes. But the only other budget that has yet appeared in the projected series is one for a retired elderly couple.[1] However, the BLS does provide an interim estimating procedure, based on adequacy of diets, that makes it possible to adjust the four-person budget to families of different sizes.[2] This procedure is followed in Table 1. It shows that to attain the same level of living as the four-person family with an income of $4,299, a two-person family would require an income of $2,905, a three-person family $3,664, and a five-person family $4,865.

It is noteworthy that the average wage of a full-time employee in manufacturing today exceeds the estimated cost of the four-person city worker's family budget. As Chart 1 shows, this was not true five or ten years ago. The change results from a continual improvement in wages over the decade, combined with relative stability in the consumer price index in the past five years.

[1] The elderly couple's budget was prepared by the Social Security Administration in close cooperation with the Bureau of Labor Statistics to maintain comparability with the city worker's family budget in level of living and procedures employed. Details of budget quantities appeared in "A Budget for an Elderly Couple," *Social Security Bulletin*, February, 1948, and the most recent estimated cost in "Budget for an Elderly Couple, October, 1950," *Monthly Labor Review*, September, 1951.

[2] See "Budget Levels for Families of Different Sizes," in Bureau of Labor Statistics Bulletin, No. 927, op. cit.

HELLER COMMITTEE BUDGETS

The Heller Committee for Research in Social Economics of the University of California has been pricing family budgets in San Francisco periodically since 1923. The budgets priced in recent years, which are based on 1950 income and expenditure studies, relate to the family of a wage earner and the family of a salaried worker. For both, the family consists of a

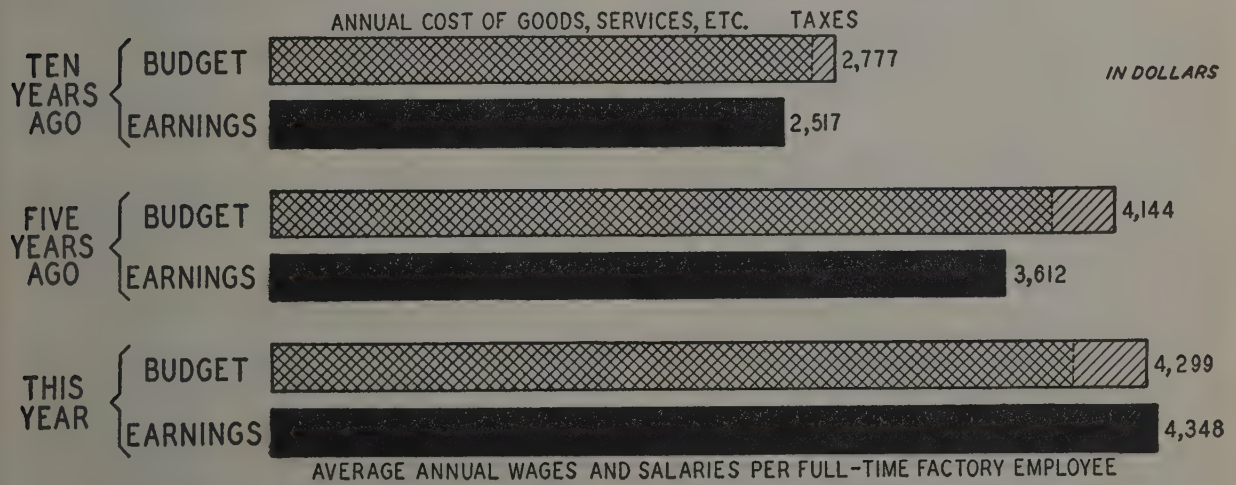
Table 1: Estimated Cost of City Worker's Family Budget for Twenty-six Cities, First Quarter, 1956

Item	Size of Family			
	2 Persons	3 Persons	4 Persons	5 Persons
Goods and services	$2,486	$3,196	$3,818	$4,383
Life insurance	55	71	85	98
Occupational expenses	22	22	22	22
Total, excluding taxes	2,563	3,289	3,925	4,503
OASI contributions	58	73	84	84
Federal income tax	284	302	290	278
Total budget	2,905	3,664	4,299	4,865
Per week	56	70	83	94

Note: The costs of the budgets for families smaller and larger than four persons were estimated by applying to the cost of goods and services and life insurance for four persons, factors recommended by BLS for adjusting the budgets to families of various sizes; *i.e.*, two persons—65.1%; three persons—83.7%; and five persons—114.8%. Occupational expenses were kept constant, and appropriate OASI contributions and federal income taxes computed.

Sources: Estimated by THE CONFERENCE BOARD from Bureau of Labor Statistics, Census Bureau and Conference Board data.

Chart 1: Family Budget Costs and Worker's Earnings



The budget figures refer to the estimated average cost of the City Worker's Family Budget for four persons in twenty-six cities in March, 1946, October, 1951, and the first quarter of 1956. State and local taxes are not included. The earnings data refer to the years 1945, 1951, and 1955.

Sources: Office of Business Economics; Bureau of Labor Statistics; The Conference Board

man, wife, boy of thirteen and girl of eight. In September, 1955, the cost of the wage earner budget was $5,466 for families that rented their homes, and $5,798 for those that owned their homes. The budget for the family of a salaried junior professional and executive worker, which allows for home ownership, came to $8,130.[1]

According to the Heller Committee, the budgets are an attempt to measure the cost of maintaining the "commonly accepted" standards of living of families in two different occupational groups. By commonly accepted standard is meant "the sum of those goods and services that public opinion currently recognizes as necessary to health and reasonably comfortable living."

The kinds and quantities of items included in the budgets, with the exception of life insurance and medical care, are based on the customary habits of families living in the San Francisco Bay area; the food and housing allowances also meet objective standards of adequacy. The commercial life insurance allowance is determined on the basis of providing an income of about half the budget, excluding taxes, when the insurance is added to OASI benefits, should the head of the family die while the children are young. The medical care allowance is based on the cost of prepaid medical care plans, plus certain expenses not covered by the plans.

The Heller Committee explains: "If more than half of the families reporting in the expenditure studies purchased or have a stock of a particular item, that item was included in the budget as representing the standard of the group. For example, if more than 50% have an automobile and a refrigerator and live in an owned home, these items appear in the budget." Therefore, the cost of the budget must exceed the average income of the specific occupational group, the Heller Committee points out, since actual consumption has been modified to provide every family with all the items that at least 50% of the families in the group have managed to get.

The Heller Committee's wage earner budget enjoyed its greatest popularity in collective bargaining right after World War II, and just prior to the publication of the city worker's family budget—chiefly because it was the only cost of living budget that was regularly brought up to date and priced.[2] Labor's other choice at the time was the Works Progress Administration budgets developed in 1934-1936 for basic maintenance and emergency standards of living, but the last time the maintenance budget was officially re-

[1] "Quantity and Cost Budgets for Two Income Levels, Prices for the San Francisco Bay Area, September, 1955," the Heller Committee for Research in Social Economics of the University of California, 1956.

[2] See "The Heller Budget in Wage Negotiations," *Studies in Personnel Policy*, No. 82, National Industrial Conference Board, 1947.

Table 2: Earnings of Workers in Covered Employment[1] by Sex and Age

Sex and Age	Median Annual Earnings, 1953	
	In Dollars	% of Median for All Workers
All workers	2,350	100.0
Women	1,350	57.4
Men	3,200	136.2
Under 20	525	22.3
20-29	2,600	110.6
30-39	3,900	166.0
40-49	3,800	161.7
50-59	3,575	152.1
60-64	3,225	137.2
65 and over	2,275	96.8

[1] Covered employment is employment covered by the old-age and survivors' insurance program. The median is the amount that divides the group exactly in half.
Source: Bureau of Old-Age and Survivors Insurance.

Table 3: Estimated Weekly Costs of Welfare and Health Council Budget, New York City, October, 1954

Type and Size of Family	Total Budget in Dollars	Total Budget, Excluding Taxes	
		In Dollars	% of Cost for 4-Person Unit with School Age Children
Husband-wife units, both under 40, husband employed:			
One child, age 3	$65.30	$58.86	79.8%
Boy 6, girl 4	73.12	67.41	91.3
Boy 13, girl 8	*81.19*	*73.80*	*100.0*
Boy 16, girl 13, boy 10	97.64	89.51	121.3
Young couple, both employed	70.96	60.42	81.9
Elderly couple, retired	39.99a	39.99a	54.2
Widow 25, child 4	39.25	39.25	53.2
Single working woman 45, living alone	46.07	38.31	51.9

a This is $1.10 less than the cost shown in the source owing to the deduction of the life insurance allowance. The budget called for policies that would be paid up by age sixty-five.
Source: Welfare and Health Council of New York City.

priced was in 1943. Besides, it was considered unsuitable because it reflected the outlook of a depression period.

The tremendous expense of preparing and pricing budgets has, with few exceptions, kept unions dependent upon the budgets developed by other organizations or by the government.

BUYING PATTERNS DIFFERENT NOW

An admitted weakness in using the BLS city worker's family budget today is that it is based on expenditure studies made from 1929 to 1941. Therefore, no changes in family spending habits since the beginning of World War II are reflected in the budget. The raw material for making revisions is at hand in the shape of the Bureau of Labor Statistics 1950 consumer expenditure survey, but funds have not been made available for a new budget study.

Last year, however, the Welfare and Health Council of New York City developed a family budget designed to correspond to the level of living represented by the city worker's family budget. This budget incorporates new information on family living requirements, such as that provided by consumer surveys made in 1948 and 1950 by federal research agencies, recent revisions in standards of nutritional requirements, and statistics showing the utilization of medical services by persons enrolled in prepaid medical plans.[1]

According to the Welfare and Health Council: "With the exception of food and housing for which authoritative national standards have been determined, the general procedure was to check the current validity of the city worker's family budget (for a family of four persons) in relation to more recent factual information about consumer needs and practices in New York City, to make such adjustments as appeared to be needed, and to develop equivalent budgets for other family types."

Table 3 shows the estimated weekly costs of the Welfare and Health Council budget for families of different types and sizes. The figure for the four-person unit represented by the city worker's family budget is estimated at $81.19 per week ($73.80, excluding taxes). Estimating the BLS budget for New York City in October, 1954, in the same way as the first-quarter 1956 estimates, shown in Table 1, would yield a weekly cost for goods, services, and other outlays of $73.31. This is only a half dollar a week less than the amount shown in the Welfare and Health Council budget. These figures suggest that the more recent expenditure data might not greatly change the actual budget totals.

THE "AVERAGE" FAMILY

Leaving aside questions raised by the concept of relating wages to needs, it is interesting to consider the problem of choosing the most appropriate family unit for general wage-determination purposes. Does it make sense to look at the cost of living for a four-person family in judging the adequacy of average wages? If the typical worker were a married man with two children, and if average wages accurately reflected his pay, the answer might be yes. Are these the facts in the matter?

Actually, there is no typical worker. As Chart 2 indicates, one out of five persons in the labor force in April, 1955, was single, and 15% were wives of working husbands. Of the slightly more than half of the labor force represented by married men living with their wives, only an estimated 11% fitted the budget description; another 10% had larger families and 31% had smaller families. The remaining 13% of workers fell under the catch-all heading of "other marital status"—that is, persons who have been widowed, divorced, separated from spouse, etc.

Average earnings of the hypothetical budget worker would be considerably higher than the over-all average wage.[1] In 1953, for example, median annual earnings of all workers in employment covered by old-age and survivors' insurance were $2,350. But the median for male workers was one-third above this amount. And the median wage for men in the age groups where they would be most likely to head a four-person family (thirty-to-fifty years old) was almost two-thirds above the average of all workers.

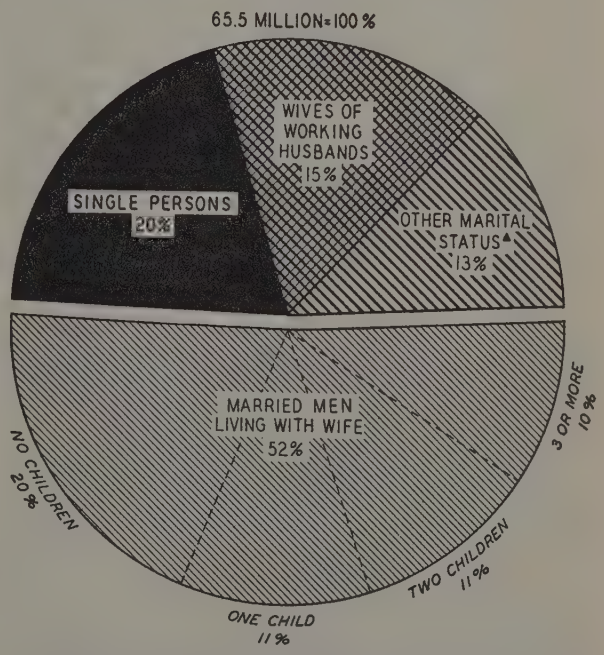
Since there is no typical worker, and since the average earnings of all workers do not represent the earn-

(Continued on page 295)

[1] Welfare and Health Council of New York City, "A Family Budget Standard for the Use of Social and Health Agencies in New York City," 1955.

[1] See Table 2 which shows median annual earnings in employment covered by old-age and survivors' insurance according to sex and age of worker. In terms of hourly or weekly wages there would not be so wide a variation by age, since one factor that produces differences in annual earnings is the greater prevalence of full-time work the year round among men thirty to fifty than among younger and older men, and among women. Nevertheless it is likely that for any time unit measured, the average earnings of men thirty to fifty years old would be significantly greater than the average for all workers.

Chart 2: Marital Status of American Workers, April, 1955



▲Includes married women whose husbands were not in the labor force, and persons who were widowed, divorced or married with spouse absent.

The distribution of married couples by number of children was estimated by The Conference Board.

Source: Bureau of the Census

The Role of the Conference Member

THE success or failure of many meetings in business and industry depends to a large extent on the kind of job that is done by those who participate as members. This is often overlooked or ignored by those who plan and conduct such meetings. In fact, it is not always clear that participants really have any job to do.

Literature on this subject usually emphasizes the more obvious proposition that wisdom and care must go into the planning and conduct of a meeting if it is to be successful and practical. Few would disagree that the planning and conduct of meetings are extremely important. But increasing attention is being directed to the proposition that the attitudes and behavior of the participants may be just as important in many ways.

Perhaps the role of the participant was not so vital when informational and instructional types of meetings were the usual order of business. But with the growing use of the problem-solving conference, it becomes more clear that group members have a definite job to do, and their performance may cause serious trouble in spite of the highest quality of leadership.

Problem-solving conferences may be staff meetings of a single work group, or they may consist of representatives from several departments, with people either on the same or different levels of the organization. Such conferences seldom have more than fifteen members; and many have fewer. These conferences are characterized by some as one of the group aspects of consultative management.[1]

In the Board's course on "How to Lead a Conference," the members' roles and responsibilities in a problem-solving conference are considered. At a recent session of this course, those who attended the seminar developed a comprehensive list of the duties of a conference member. This list is reproduced here.

But before giving the list in its entirety, certain comments expressed under each of the four main headings would seem to be of particular interest and merit special consideration.

A. Contributes Ideas to the Discussion

It was the opinion of the group that the conference member has a responsibility to fight for his dissenting views; he must not permit himself to be forced into mental conformity by group pressures. Agreement should only come if he is convinced by reasonable argument and after full consideration.

B. Listens to the Ideas of Others

The group believed that the good listener is more likely to be active than passive. The good listener not only is attentive but he makes every effort to understand the ideas of others and helps them to develop their ideas by questioning and comment.

C. Considers the Problem Objectively

Although objectivity and emotional control by group members were stressed, there was unusual emphasis placed on the responsibility of a group member to be discreet in reporting the proceedings of a meeting, whether the meeting is labeled top secret or not. A group member who immediately spreads around the details of who said what and why would hardly be welcome in subsequent meetings when a free expression of opinion is called for.

D. Contributes to Orderly Conduct of Meeting

Finally, the feeling was expressed that the leader of a meeting does not have full responsibility for the control of a conference. Each member has a real part of this responsibility—not only as regards himself but with reference to the other members of the group.

To sum up, it was felt that the conference member, in performing his job effectively, can in many ways make as important a contribution to the success of a meeting as can the conference leader.

The list of duties and responsibilities of a good conference member, which may be used as a check list for those interested in observing the behavior of the group, is as follows:

THE GOOD CONFERENCE MEMBER

A. Contributes Ideas to the Discussion

1. Offers facts and ideas
2. Maintains dissenting views in face of opposition
3. Understands the facts
4. Understands the problem
5. Understands why he is attending the meeting

B. Listens to the Ideas of Others

6. Understands the viewpoint of others (tolerance)
7. Helps others to develop their views and ideas
8. Is courteous
9. Is alert
10. Listens carefully and thinks

[1] See "Consultative Management," *Management Record*, November, 1955, p. 438.

C. Considers the Problem Objectively

11. Maintains an objective attitude
12. Avoids giving or accepting opinions as facts
13. Avoids becoming emotional
14. Maintains confidences and avoids gossip

D. Contributes to Orderly Conduct of Meeting

15. Attends the meeting and is prompt
16. Helps the leader maintain order
17. Is orderly himself
18. Arranges matters so that personal interruptions are unnecessary
19. Avoids side conversations with neighbors
20. Refrains from dominating the meeting
21. Stays on the subject

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Labor Press Highlights

Unions Give Different Twists to Fringes

FRINGE GAINS are being made at the sacrifice of overtime provisions, according to the Mechanics Educational Society (AFL-CIO) in its publication, the *MESA Educator*. The union deplores the fact that as more money goes into fringes, overtime pay is cut. The tendency of unions to inflate the value of fringe benefits is also criticized by the MESA.

There are two aspects to MESA's gripe on overtime. One is that after fighting to cut the workday, some unions now seek to work longer hours in order to get premium pay. As the *MESA Educator* states: "For the most part, labor has scrapped the eight-hour day. The fight for nice juicy overtime has taken the place of the fight for the shorter workday. Almost without exception, labor has advanced backward."

Not only has labor given up the shorter day, complains the MESA, but also a good part of the overtime premium. Because the cash value of fringes is not added to the base rate in computing overtime, MESA contends that the overtime premium has been cut to time and one-fifth or time and one-quarter. The solution offered by this union is double time for overtime hours: "It is about time to demand that premium pay for overtime be figured at double time. This victory when achieved will simply re-establish the principle that employers who work their employees in excess of eight hours in one day will pay them time and one-half for all such excess worked."

The MESA also criticizes the "mathematical gymnastics" resorted to by some unions to inflate the terms of a contract settlement: "The cash value of fringe benefits is blown up so that what costs a company no more than half a cent is reported as having a cost value of a cent and a half."

MESA offers pension plans and wage inequity adjustments as prime examples of items that are often given inflated values. "We think it is about time labor reporting got down to facts," concludes the *Educator*, ". . . there is no good in bluffing the membership."

Of course, the sentiments of the MESA are not universal among labor unions. In some unions, old fringes are being expanded and new ones are being developed. On the West Coast, for example, the Los Angeles Joint Board of Hotel and Restaurant Employees has developed what it calls a "precedent-shattering plan" of prepaid legal care for 20,000 union members and their families. The proposed program, according to the *San Diego Labor Leader*, would provide for group legal coverage on a basis similar to prepaid medical care. The plan was developed, the union claims, "because many people today simply can't afford justice under the law any more than they can afford the high cost of expert medical care." The Hotel union is seeking assistance—in collecting data, estimating costs and working out the details of the plan—from the American Bar Association, the California State Bar Association, the law schools of the University of Southern California and the University of California at Los Angeles as well as the Ford Foundation.

AFL-CIO Unity Key to Strike Success: Carey

The "unmistakable" lesson of the Westinghouse strike, according to James B. Carey, president of the International Union of Electrical Workers, is that "never again can a chain operation hope to starve a nationwide strike into defeat. . . ." The strike was "historic," states Mr. Carey in the *Digest* of the AFL-CIO Industrial Union Department, in that it became a strike involving the entire AFL-CIO. Mr. Carey says that because of this test of AFL-CIO unity, "every other nationwide strike from now on will be not just a one-union strike, but a strike of the entire labor movement." As documentation, he states the IUE went into the strike with virtually no strike funds but was supported by the merged AFL-CIO and individual unions that contributed $2.9 million. According to a report in *The AFL-CIO News*, $770,000 of this amount came from the Steelworkers, and another $970,000 came from the Auto Workers.

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Consumer Prices at New Heights

CONSUMER PRICES climbed to a record high in June, as THE CONFERENCE BOARD's United States index reached 101.7 (1953=100). This was 0.5% above May and 1.5% above a year ago.

The purchasing value of the June dollar was 98.3 cents (1953=100 cents), 0.5% below the previous month and 1.5% below the June, 1955, value.

The 0.5% increase in the index was the largest monthly change recorded in the last three years. Over the month, advances in prices were registered in four of the five major commodity groups that make up the index. Only transportation costs declined; they were off 0.2%. Food prices registered the largest increase—a substantial 1.5%. And slight advances of 0.1% occurred in housing and sundries, while apparel went up 0.2%.

The new peak in the all-items index was caused by the higher-than-seasonal increases in food costs. Fruits and vegetables showed the greatest change, advancing 6.2%. This rise was the result of shortages in many crops caused by adverse weather conditions earlier this year. Fresh fruits rose 10.3% over the month. And vegetables climbed 8.9%, mostly because potatoes shot up 18.6% when an unusually small supply appeared on the market.

The meats, fish and poultry index, although not showing as sizable an increase as fruits and vegetables, registered a 1.6% advance. Higher pork prices bolstered the meat index, which had picked up slightly last month after a six-month decline. Seasonally low supplies caused pork to climb 5.2%. Beef prices also rose, moving 1.0% above last month, and fish and other meats were slightly higher. On the other hand, poultry was 1.3% cheaper as strong supplies continued to enter the market.

In other sectors of the food index, cereal and bakery products registered a less spectacular increase of 0.3%. Dairy products and eggs inched down 0.1%, as egg prices continued to decline. The "other food at home" group advanced 0.7%, as coffee prices spiraled upward. The 1.2% increase in the price of coffee reflected a long-term upward trend in the cost of the green coffee coming from Central and South America.

Housing costs increased 0.1% over the month, with the 0.2% decrease for gas not large enough to offset the 0.1% increase in rents. Other housing subgroups showed no change.

Apparel prices were up 0.2%, as the index rose for the third successive month. Men's clothing advanced 0.2% and women's rose 0.1%. Clothing services continued to increase in cost, registering a 1.1% advance.

Transportation costs slipped 0.2% when advances in public transportation rates could not quite balance the effects of declines in automobile costs and gasoline price wars in several cities. The steady upward trend of the sundries index continued, with prices rising a slight 0.1%. One sector, medical care, registered a 0.3% increase, and other fractional gains were recorded for personal care and alcoholic beverages and tobacco.

For the first time this year, all five commodity groups were above last year's level. Earlier in the year, food prices had held back an over-all increase. But now, for the first time this year, food prices moved above the year-ago level; this June they were 0.9% higher than in June, 1955. The meat, fish and poultry index, off 5.0%, was the only exception within the food group. Compared with a year ago, transportation was up 2.6%, sundries 2.1%, housing 1.3% and apparel 1.1%. All in all, the consumer had to pay 1.5% more for his purchases than he did in June, 1955.

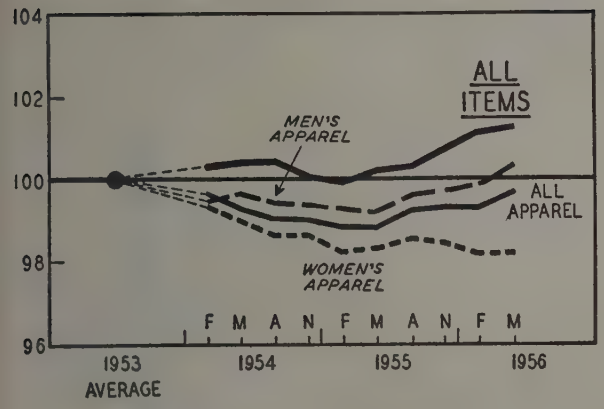
PRICE MOVEMENTS IN CLOTHING

A backward glance at prices during the past two-and-a-half years shows some interesting differences between the changes in the over-all price level and price changes of apparel. The accompanying chart records the quarterly price movements since February, 1954, of the Board's all-items index and the apparel index, as well as its two main subgroups—men's and women's apparel. If the lines could be pulled taut like ropes, the all-items index would show a steady upward climb, which would, of course, obscure the slight recession in the latter part of 1954. But if the same sort of rope pulling were done on the apparel index, the line obtained would be almost horizontal.

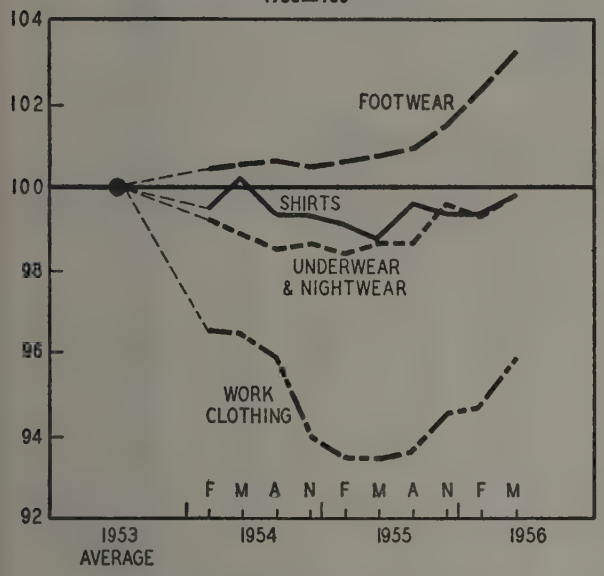
For apparel manufacturers and merchants, this has meant that increased operating costs have not resulted in correspondingly higher retail prices. Nonetheless, although still lagging behind other goods, apparel prices have been slowly rising since July, 1955, with the high point reached in the spring of 1956. The other high point for the apparel index during this two-and-a-half-year period, as can be seen on the chart, was in early 1954.

As would be expected, the apparel index trend line lies almost half-way between the lines of its two major

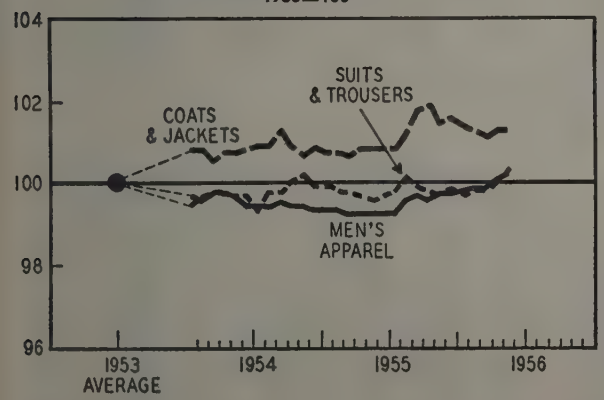
The All-Items and Apparel Indexes
1953=100



Men's Apparel — Price Changes of Selected Subgroups
1953=100



Price Changes of Coats and Suits
1953=100



subcomponents—men's and women's apparel. But there is a third factor (not shown on the chart) influencing the apparel index. This is a subgroup composed of apparel services, clothing materials and jewelry. For instance, in November, 1955, while the women's apparel subcomponent fell, the total apparel index advanced almost as much as the men's apparel subcomponent because of the very great gains in the minor group.

Men's Apparel

The men's apparel index remained fairly steady during this two-and-a-half-year period compared to the often erratic and sagging women's apparel index. An increase of 0.4% in August, 1955, which pulled men's wear out of a five-month slump, marked the beginning of a slow but steady rise for this index. And in April and May of this year, prices for men's apparel finally climbed above the 1953 level.

The following seven categories make up the men's apparel index: suits and slacks; coats and jackets; work clothing; footwear; shirts; underwear and nightwear; and hosiery and accessories.

If the total index shows little fluctuation, quite the opposite is true of its component parts, listed above. In only three months did all the categories move in the same direction. And in only one instance, August, 1955, was an increase registered in the men's, women's, and apparel indexes and in each category of men's clothing. The other price increases throughout men's apparel occurred in April and May, 1956.

Changes in Subgroups

The highly competitive market in men's suits and slacks, combined with some foreign competition, has tended to keep prices down. But from August, 1954, until December, 1955, suits stayed above the total men's apparel index. Increases in suit prices have occurred in August for the past two years. The prices of suits have equalled or edged over the 1953 level three times—in October-November, 1954, and in August, 1955. Then, after holding constant for four successive months, the cost of suits again exceeded the 1953 level in April of this year.

While suit prices have shown sporadic increases during the past two-and-one-half years, coats and jackets, even with their marked seasonality, have consistently remained at a higher level. Each September and April, prices have increased, with smaller gains occurring in December. For the past three years, March and November have been the low points for this group. However, the decrease in any one month has never been more than 0.4%. And between May, 1955, and May, 1956, coat and jacket prices rose 0.5%. The two-year high occurred in October, 1955, following a secondary high in September. Prices of coats and jackets in May,

(Text continued on page 290)

Consumer Price Index—United States

Cities over 50,000 in population

1953 = 100

	ALL ITEMS	FOOD						HOUSING				
		Total	Meat, Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vegetables	Other Food at Home	Total	Rent	Fuel, Power, Water		
										Total	Gas	Electricity
1954 December	99.8	97.9	93.7	104.0	93.5	95.5	110.5	101.1	105.3	101.1	101.6	101.0
Annual Average	100.2	99.5	97.7	103.2	94.2	97.0	110.7	100.9	104.3	101.1	102.7	100.7
1955 January	99.9	98.2	94.3	104.0	92.8	97.1	110.2	101.2	105.5	102.7	104.8	100.9
February	99.9	98.2	94.4	104.2	93.6	97.4	108.8	101.2	105.5	103.1	105.2	100.9
March	100.1	98.4	94.1	104.3	94.2	99.1	107.5	101.3	105.7	103.3	105.6	101.0
April	100.1	98.3	94.3	104.3	93.0	100.7	106.5	101.5	105.8	103.5	106.5	101.1
May	100.2	98.4	94.0	104.4	91.7	104.1	105.7	101.4	105.8	102.9	106.5	101.1
June	100.2	98.3	94.6	104.4	91.5	103.5	104.6	101.4	105.8	102.7	106.7	101.2
July	100.3	98.6	94.9	104.6	92.4	103.6	104.6	101.2	106.2	101.4	103.9	101.6
August	100.3	98.2	94.5	104.7	94.5	99.1	104.7	101.5	106.2	101.8	104.2	101.7
September	100.5	98.5	94.9	104.8	96.4	97.4	105.1	101.6	106.3	102.1	104.5	101.7
October	100.7	98.6	94.0	104.8	97.4	97.7	105.5	101.9	106.5	102.6	104.5	101.8
November	100.7	98.0	91.7	104.4	97.7	98.0	105.6	102.0	106.6	102.9	105.0	101.8
December	101.0	97.9	89.9	104.4	98.3	99.7	105.9	102.1	106.8	103.2	105.3	101.8
Annual Average	100.3	98.3	93.8	104.4	94.5	99.8	106.2	101.5	106.1	102.7	105.2	101.4
1956 January	101.1	97.5	88.4	104.9	98.5	99.7	105.7	102.2	106.8	103.7	106.0	101.9
February	101.1	97.3	88.0	104.9	96.9	101.5	105.3	102.4	107.1	104.3	106.0	101.9
March	101.1	97.0	87.4	104.9	96.0	101.7	105.8	102.6	107.2	104.4	106.0	102.0
April	101.0	97.0	87.2	104.9	94.7	102.4	106.4	102.6	107.5	104.5	106.1	102.0
May	101.2	97.7	88.5	105.0	94.4	105.6	106.7	102.6	107.6	104.0	106.2	102.0
June	101.7	99.2	89.9	105.3	94.3	112.1	107.4	102.7	107.7	104.0	106.0	102.0

	HOUSING (continued)		APPAREL			TRANSPORTATION	SUNDRIES	PURCHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnishings, Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1939 = 100)	Purchasing Value of January, 1939 Dollar	All Items (1947-49 = 100)
1954 December	98.6	100.5	98.9	99.3	98.5	99.9	101.3	100.2	181.2	55.2	113.6
Annual Average	98.9	100.3	99.2	99.5	98.9	100.1	101.0	99.8	182.0	54.9	114.1
1955 January	98.3	100.5	98.8	99.3	98.3	100.0	101.3	100.1	181.5	55.1	113.7
February	98.0	100.5	98.8	99.3	98.2	100.1	101.3	100.1	181.5	55.1	113.8
March	98.1	100.7	98.9	99.2	98.4	100.3	101.3	100.0	181.7	55.0	113.9
April	98.3	100.7	98.9	99.2	98.4	100.2	101.5	99.9	181.8	55.0	113.9
May	98.2	100.8	98.8	99.2	98.3	100.4	101.6	99.8	181.9	55.0	114.0
June	98.2	100.6	98.8	99.2	98.2	101.3	101.8	99.8	182.1	54.9	114.1
July	98.0	100.7	98.9	99.2	98.2	100.5	102.1	99.7	182.1	54.9	114.1
August	98.3	101.0	99.2	99.6	98.5	100.6	102.3	99.7	182.2	54.9	114.2
September	98.4	101.2	99.3	99.7	98.6	100.9	102.6	99.5	182.5	54.8	114.4
October	98.7	101.4	99.4	99.6	98.7	101.3	102.7	99.3	182.9	54.7	114.6
November	98.9	101.5	99.3	99.7	98.4	102.9	102.7	99.3	182.9	54.7	114.7
December	99.2	101.7	99.3	99.7	98.3	104.7	102.9	99.0	183.4	54.5	114.9
Annual Average	98.4	100.9	99.0	99.4	98.4	101.1	102.0	99.7	182.2	54.9	114.2
1956 January	99.3	102.0	99.3	99.8	98.0	105.8	103.1	98.9	183.6	54.5	115.0
February	99.5	102.1	99.3	99.9	98.1	105.3	103.4	98.9	183.6	54.5	115.0
March	99.4	102.3	99.4	99.9	98.2	105.1	103.7	98.9	183.6	54.5	115.0
April	99.3	102.2	99.6	100.1	98.3	104.4	103.7	99.0	183.5	54.5	115.0
May	99.1	102.4	99.7	100.3	98.2	104.1	103.8	98.8	183.9	54.4	115.2
June	99.1	102.4	99.9	100.5	98.3	103.9	103.9	98.3	184.7	54.1	115.8

Consumer Price Index—United States

Annual averages 1914-1955[a]

1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914	40.3	248.1	1925	67.8	147.5	1935	53.6	186.6	1945	70.2	142.5
1915	40.0	250.0	1926	68.3	146.4	1936	54.8	182.5	1946	74.9	133.5
1916	43.0	232.6	1927	66.9	149.5	1937	57.2	174.8	1947	84.7	118.1
1917	51.3	194.9	1928	65.9	151.7	1938	55.7	179.5	1948	90.1	111.0
1918	59.5	168.1	1929	65.6	152.4	1939	55.0	181.8	1949	88.8	112.6
1919	67.6	147.9	1930	63.4	157.7	1940	55.4	180.5	1950	90.0	111.1
1920	77.8	128.5	1931	57.0	175.4	1941	58.8	171.5	1951	97.0	103.1
1921	66.8	149.7	1932	50.9	196.5	1942	64.5	155.0	1952	99.5	100.5
1922	63.6	157.2	1933	49.0	204.1	1943	68.2	146.6	1953	100.0	100.0
1923	65.4	152.9	1934	51.8	193.1	1944	69.1	144.7	1954	100.2	99.8
1924	66.1	151.3							1955	100.3	99.7

a Indexes from 1914 through 1919 are for the month of July only and are not annual averages.

Consumer Price Indexes for Individual Cities

These indexes show changes in consumer prices only. They do NOT show intercity differences in price level or standards of living.

Cities Surveyed Monthly

	1953 = 100			Percentage Changes			1953 = 100			Percentage Changes	
	June 1956	May 1956	June 1955	May 1956 to June 1956	June 1955 to June 1956		June 1956	May 1956	June 1955	May 1956 to June 1956	June 1955 to June 1956
Chicago						**Los Angeles**					
All Items	104.6	104.0	102.3	+0.6	+2.2	All Items	100.7	100.4	99.4	+0.3	+1.3
Food	102.2	100.2	100.3	+2.0	+1.9	Food	98.4	96.8	96.1	+1.7	+2.4
Housing	107.8	107.9	105.8	−0.1	+1.9	Housing	101.0	101.1	101.2	−0.1	−0.2
Apparel	100.4	100.4	98.5	0	+1.9	Apparel	99.2	99.0	99.3	+0.2	−0.1
Transportation	103.3	103.3	101.1	0	+2.2	Transportation	102.9	103.5	100.8	−0.6	+2.1
Sundries	106.6	106.3	103.1	+0.3	+3.4	Sundries	102.5	102.4	100.6	+0.1	+1.9
Houston						**New York**					
All Items	101.5	101.0	100.1	+0.5	+1.4	All Items	102.2	101.2	100.2	+1.0	+2.0
Food	99.2	98.2	98.9	+1.0	+0.3	Food	100.0	97.4	97.3	+2.7	+2.8
Housing	102.8	102.7	101.3	+0.1	+1.5	Housing	103.2	103.1	101.6	+0.1	+1.6
Apparel	100.3	99.7	99.5	+0.6	+0.8	Apparel	98.9	98.1	98.0	+0.8	+0.9
Transportation	103.1	103.1	99.4	0	+3.7	Transportation	112.5	113.0	108.3	−0.4	+3.9
Sundries	102.3	101.6	101.1	+0.7	+1.2	Sundries	102.3	102.1	101.4	+0.2	+0.9

Cities Surveyed Quarterly

	1953 = 100			Percentage Changes			1953 = 100			Percentage Changes	
	June 1956	Mar. 1956	June 1955	Mar. 1956 to June 1956	June 1955 to June 1956		June 1956	Mar. 1956	June 1955	Mar. 1956 to June 1956	June 1955 to June 1956
Atlanta						**Indianapolis**					
All Items	101.1	99.9	98.7	+1.2	+2.4	All Items	101.3	100.5	100.3	+0.8	+1.0
Food	97.1	93.2	95.6	+4.2	+1.6	Food	99.3	96.1	98.8	+3.3	+0.5
Housing	102.5	102.1	101.3	+0.4	+1.2	Housing	101.9	102.0	101.0	−0.1	+0.9
Apparel	99.6	100.1	98.0	−0.5	+1.6	Apparel	99.5	98.6	97.5	+0.9	+2.1
Transportation	104.4	103.7	100.0	+0.7	+4.4	Transportation	101.7	101.0	98.9	+0.7	+2.8
Sundries	103.8	103.8	98.9	0	+5.0	Sundries	104.5	105.5	104.1	−0.9	+0.4
Cleveland						**Kansas City**					
All Items	103.2	100.9	100.6	+2.3	+2.6	All Items	101.0	101.7	100.6	−0.7	+0.4
Food	100.9	94.7	98.2	+6.5	+2.7	Food	98.4	95.6	95.8	+2.9	+2.7
Housing	103.2	102.3	101.9	+0.9	+1.3	Housing	102.5	103.4	102.4	−0.9	+0.1
Apparel	100.7	100.5	100.1	+0.2	+0.6	Apparel	97.0	97.6	96.6	−0.6	+0.4
Transportation	104.0	103.2	99.7	+0.8	+4.3	Transportation	96.0	104.1	101.7	−7.8	−5.6
Sundries	107.6	106.3	102.8	+1.2	+4.7	Sundries	108.4	109.0	106.1	−0.6	+2.2
Denver						**Lansing**					
All Items	102.3	100.9	101.3	+1.4	+1.0	All Items	103.0	101.4	100.8	+1.6	+2.2
Food	102.6	98.9	101.7	+3.7	+0.9	Food	103.5	99.6	100.8	+3.9	+2.7
Housing	102.5	101.9	101.6	+0.6	+0.9	Housing	102.6	101.8	100.9	+0.8	+1.7
Apparel	99.2	99.1	98.6	+0.1	+0.6	Apparel	101.1	100.8	100.3	+0.3	+0.8
Transportation	101.4	100.7	101.9	+0.7	−0.5	Transportation	104.3	103.4	100.5	+0.9	+3.8
Sundries	104.1	103.3	101.5	+0.8	+2.6	Sundries	103.1	102.6	100.8	+0.5	+2.3
Des Moines						**Milwaukee**					
All Items	102.8	101.6	100.1	+1.2	+2.7	All Items	101.4	100.0	98.9	+1.4	+2.5
Food	102.5	98.7	99.0	+3.9	+3.5	Food	98.6	94.2	96.0	+4.7	+2.7
Housing	101.0	100.8	99.7	+0.2	+1.3	Housing	101.3	101.1	99.7	+0.2	+1.6
Apparel	99.6	99.2	98.8	+0.4	+0.8	Apparel	98.3	98.4	98.0	−0.1	+0.3
Transportation	106.6	107.2	101.0	−0.6	+5.5	Transportation	106.4	105.8	100.5	+0.6	+5.9
Sundries	105.5	104.9	102.8	+0.6	+2.6	Sundries	103.9	103.2	101.0	+0.7	+2.9
Evansville						**Pittsburgh**					
All Items	99.8	98.9	97.9	+0.9	+1.9	All Items	102.6	100.7	100.0	+1.9	+2.6
Food	94.8	92.2	95.2	+2.8	−0.4	Food	101.6	95.9	98.6	+5.9	+3.0
Housing	100.1	100.1	99.0	0	+1.1	Housing	103.8	103.4	101.3	+0.4	+2.5
Apparel	101.3	101.0	98.1	+0.3	+3.3	Apparel	101.5	101.6	101.2	−0.1	+0.3
Transportation	106.5	105.8	97.8	+0.7	+8.9	Transportation	101.9	103.3	97.6	−1.4	+4.4
Sundries	101.6	101.7	100.7	−0.1	+0.9	Sundries	103.3	102.3	101.1	+1.0	+2.2
Huntington-Ashland						**Portland, Ore.**					
All Items	103.1	101.2	100.5	+1.9	+2.6	All Items	101.2	100.0	99.2	+1.2	+2.0
Food	101.1	96.5	100.3	+4.8	+0.8	Food	98.9	95.6	96.9	+3.5	+2.1
Housing	104.0	103.3	101.1	+0.7	+2.9	Housing	101.6	100.8	100.2	+0.8	+1.4
Apparel	102.8	101.8	100.5	+1.0	+2.3	Apparel	100.5	98.8	96.9	+1.7	+3.7
Transportation	104.0	105.1	96.6	−1.0	+7.7	Transportation	100.4	101.6	99.2	−1.2	+1.2
Sundries	104.7	103.3	102.5	+1.4	+2.1	Sundries	104.7	104.5	102.1	+0.2	+2.5

1956, midway between seasons, were off 0.6% from the October level.

Work clothes[1] have, to a certain extent, been the step-child of the men's apparel index. Falling to a low of 93.2 in April, 1955, they have yet to regain their 1953 level. Competition, Army-Navy surpluses and consumer indifference have all tended to keep the prices of work clothing down. But as prices have continued to rise since February of this year, tradesmen now feel that the worst of the slump is over. Nonetheless, although prices have advanced 2.4% since May, 1955, they are still 0.7% below May, 1954. And work clothing remains an exceptionally good buy for the consumer.

In contrast, the increased cost of leather pushed the price of footwear to a two-and-a-half-year high in May, 1956. The price of men's shoes—very stable from January, 1954, to July, 1955—advanced 2.5% between May, 1955, and May, 1956.

Men's shirts have varied within a range of 1.4%, but there has been much fluctuation within this limit. The high for the index was reached in May, 1954, at 100.2, and the low in May, 1955, at 98.8. During that period, prices first zig-zagged down, and then, once the low point was reached, started moving shakily upward.

Underwear and nightwear prices went into almost a year-long slump in 1954. Higher November prices stopped the decline, but the downward trend continued at a slower pace until March, 1955. Prices rose during the Easter holiday season, dropped slightly with post-season sales, and then began to pick up in September, 1955. But these items continue to be good buys for the consumer, as compared with 1953.

The hosiery and accessory index has advanced steadily since August, 1955. The sharpest increase occurred between April and May of this year when the index went up 0.7%. A rise in hat prices was due to the increased cost of felt. Felt prices are currently high because of the planned destruction in 1954 and 1955 of the Australian wild rabbit, which had long been a crop menace.

In many instances over the past two-and-a-half years, the diverse movements of these categories have counter-balanced each other and held the men's apparel index steady. The increase in the men's apparel index this spring was caused by a price rally in all the subgroups.

ZOE CAMPBELL
Statistical Division

[1] The work clothing category consists of overalls and work trousers.

Briefs on Personnel Practices

While Waiting for the Tour to Start

At a recent open house held for employees' families by the Markem Machine Company in Keene, New Hampshire, groups of from ten to fifteen visitors were started on tours at approximately four-minute intervals. The tour through the plant lasted for an hour and a quarter, after which refreshments were served.

At the main entrance, over which a large welcome sign was displayed, guests were met by the hospitality chairman and officials of the company who directed the visitors to a registration desk. Registration cards were filled out giving each guest's name and address, and the name of the employee who was related to the visitor.

While waiting for a tour to begin, movies, a display of samples printed by the various machines manufactured by the company, as well as a display of several machines provided entertainment in a large open area where chairs were available. At one side was a large booth which is used by the company at various sales shows.

Through the use of a list of employees' names arranged alphabetically along with each one's departmental dial phone number, employees were asked to join their families as they arrived at the registration area and tour the plant with them. At the conclusion of the tour, guests were invited to visit the employee's work place. All employees remained at work during "Family Day," except for the period when they were accompanying their families.

"Safety for Sight"

A make-believe experience in the "Land of Darkness" was used by the Parish Pressed Steel Company to emphasize eye protection to supervisory personnel. "Safety for Sight" was the theme of the supervisory meeting. Each participant was blindfolded in turn and required to find a seat with the aid of a cane. Watching the confusion of his associates in groping for direction, plus his own experience of not knowing which way to turn or where to go, brought home to each supervisor the possible penalties for failure to wear safety glasses. The program was then concluded with a short talk and slide film, both of which emphasized the importance of wearing eye protection.

This program has paid off for Parish Pressed Steel. The company reports that "the value of this demonstration was established soon after the meeting when everyone who viewed the demonstration went 100% for eye protection."

Stock Options

(Continued from page 269)

unpaid balances of stock purchases and to interest that may be due. The company makes every attempt to sell such pledged stock at the then-current market price.

Under normal circumstances, the optionee is given three months to pay the unpaid balances and obtain delivery of pledged shares, following the termination of employment. The installment purchase contract states that the company may elect to repurchase any and all pledged shares and cancel unpaid balances. The optionee is then reimbursed without interest for his installment payments. If the company elects not to reacquire the stock, the optionee is then required to make payment in full immediately. Otherwise, unpaid pledged stock is sold in the same manner as if the optionee were in default. In the event of death, the optionee's estate is given nine months to pay the unpaid balances on pledged stock. If the estate elects not to acquire the stock, the company repurchases it, cancels the unpaid balances and returns payments made by the optionee, without interest, to the estate.

Perhaps one way to simplify the financing of stock purchases is to follow the course of a company adopting two forms of executive incentives that promote the stockholder point of view. In addition to a "restricted" plan qualifying under the Code, one of the twenty-four companies adopted a "deferred compensation unit plan." It is dubbed a "stock option plan without buying stock." No cash outlay is required but the "optionee" gets practically all the benefits as if he bought stock. The plan also has the advantage of no risk for the executive. Participation in the plan does not bar the executive from being eligible for the regular option plan. In a recent report to stockholders, the company stated:

> "The stock option plan is intended principally to encourage stock ownership in the company by officers and employees now or hereafter in positions of higher responsibility, who often are unable to accumulate any substantial savings from their regular salaries because of high federal income tax rates. . . . The deferred compensation unit plan is designed primarily to bind more closely to the company, over a period of years, younger key employees whose value to the company may be expected to increase by awarding to them benefits related to dividends paid and any increase in the market value of the company's stock. Thus, these younger employees, many of whom are unable . . . to make an investment in the company's stock, will nevertheless acquire a personal interest in the company equivalent in some degree to stock ownership."

Restrictions on Stock Purchases

Most plans place restrictions on the exercise of options. They vary from a waiting period before any stock may be purchased to the forfeiting of rights under an option.

(Text continued on page 295)

Deferred Compensation Unit Plan

Less than six months ago, stockholders gave the nod to something new in the way of incentive compensation for up-and-coming executives. The plan is designed to attract, hold and motivate young executives.

Under the plan, participants may get up to a maximum of 5,000 units, each of which is equivalent to one share of common stock. No stock is actually issued to participants. An administrative body, similar to that used for stock option plans, administers the plan. The term of the plan is indefinite but may be terminated by the board of directors at any time.

As long as the plan remains in effect, each participant, while actively employed, is credited with amounts equal to dividends payable in cash or property on outstanding stock for each unit in his account. In addition, individual accounts are credited with any appreciation in stock values occurring between the dates units are awarded and termination date. Participants are required to remain in the employ of the company for five years from the dates of awards to receive any benefits. If participants leave the company before retirement, their benefits may be limited to dividend accruals at the discretion of the administrative body. To receive all benefits after retirement, participants agree to serve as consultants for ten years thereafter. Benefits are paid to participants, or their beneficiaries in case of death, in quarterly installments over a ten-year period.

Here's how the plan works. Assume a forty-year-old participant is credited with 500 units, is expected to remain with the company until retirement at age sixty-five and the current market value of common stock is $50 per share. Also assume the company will pay an average dividend of $2 per share per year for twenty-five years and the stock is selling at $100 after retirement.

The participant's account is credited with accrued dividends of $2 on 500 units for twenty-five years for a total of $25,000. His account is also credited with $50 per unit of appreciation equal to $25,000, making a total of $50,000. The participant or his heirs receives benefits equal to forty quarterly installments of $1,250 each. Under this plan there are no tax advantages such as exist under a restricted stock option plan.

Principal Provisions of Selected Restricted Stock Option Plans

Company	Industry and Date of Plan	Life of Plan or Expiraton Date	Number of Shares Authorized and % of Total Outstanding	Option Price (% of Fair Market Value)[a]	Fair Market Value Defined[b]	Maximum Number of Shares Granted One Employee	Life of Option	Waiting Period Before Exercising	Restrictions Governing Stock Purchases	Terms of Payment
A	Food and kindred products 3/20/56	5 Years 3/20/61	75,000 4.7%	Not less than 95%	Mean (midpoint between high and low)	Not fixed (not more than 52,000 aggregate to initial 31 optionees)	Up to 9 years but not after 12/5/64	1 year	5 annual installments of 20% each. Shares not purchased in one year may be acquired from time to time in subsequent years	Cash in full. Company prohibited from making loans
B	Office machines & electronic equipment 4/5/55	Indefinite	250,000 5.0%	85%	Average of high and low	25,000 (10% of total authorized)	Up to 5 years	None	In whole or in part anytime during active employment. No purchases of less than 100 shares	Cash in full
C	Primary ferrous metals 10/3/55	Indefinite	25,000 5.9%	Not less than 95%	Closing	2,000	10 years	2 years	In whole or in part after waiting period	Cash in full
D	Nonelectrical industrial equipment 3/27/56	Indefinite	75,000 6.9%	95%	Closing	100 for each $1,000 income received in previous fiscal year	Up to 6 years	Varies but not less than 18 months	4 annual installments of 25% each. Shares not purchased in one year may be acquired from time to time in future years	Cash in full or by installment contract
E	Primary ferrous metals 4/23/56	3/31/61	125,000 4.8%	95%	Closing or previous 30-day average, whichever is higher	Aggregate purchase price of shares must bear a reasonable relationship to annual salary	7 years	1 year	In whole or in part anytime during active employment after waiting period	Cash in full
F	Textile mill products 2/24/56	3/31/61	60,000 7.5%	Not less than 100% nor less than par	Not stated	10,000	10 years	1 year; no purchases before 10/1/57	10 annual installments of 10% each. Shares not purchased in one year may be acquired from time to time in subsequent years	Cash in full
G	Food and kindred products 3/7/55	4/30/60	200,000 4.7%	100%	Mean (midpoint between high and low)	20,000	Up to 10 years	1 year	Equal monthly installments during life of option after waiting period. Cumulative	Cash in full
H	Chemicals 4/24/56	Indefinite	87,782 5.4%	95% to 105%	Closing	5,000	2 to 10 years	1 year	Equal annual installments during life of option after waiting period	Cash in full
I	Chemicals 8/24/55	Class A[c], indefinite Class B, 5/31/60	225,000 0.9%	100%	Highest	5,000 Class A or B or combined	3 yrs. for first 10% of total shares covered in option, 4 yrs. next 5%, 5 yrs. next 5%, 6 yrs. next 5% and 7 yrs. for remaining 75%	18 months	In whole or in part anytime after waiting period	Cash in full
J	Electrical equipment 4/18/56	Indefinite	75,000 8.4%	Not less than 95%	Not stated	Not fixed	9 years	18 months	In whole or in part anytime after waiting period	Cash in full. Company prohibited from making loans

Principal Provisions of Selected Restricted Stock Option Plans—Continued

Company	Industry and Date of Plan	Life of Plan or Expiration Date	Number of Shares Authorized and % of Total Outstanding	Option Price (% of Fair Market Value)[a]	Fair Market Value Defined[b]	Maximum Number of Shares Granted One Employee	Life of Option	Waiting Period Before Exercising	Restrictions Governing Stock Purchases	Terms of Payment
K	Food and kindred products 3/26/56	Indefinite	95,000 5.0%	Not less than 95%	Within limits of Sec. 421 of IRC	4,750 (5% of total authorized)	7 years	2 years	In whole or in part anytime after waiting period	Cash in full
L	Transportation (leased equipment) 4/24/56	5 years	100,000 4.3%	Not less than 95%	Not stated	5,000	5 years	None	In whole or in part anytime	Cash in full
M	Rubber products 2/20/56	12/31/63	200,000 2.0%	Not less than 95%	Closing	10,000	7 years	1 year	Not more than 20% between first and second anniversary dates and 5% thereafter for each calendar quarter. May be purchased on accrual basis	Cash in full
N	Chemicals 3/20/56	Indefinite	450,000 5.6%	Not less than 95%	Mean (midpoint between high and low)	7,500 during life of plan. Not more than 4,000 in one calendar year to one director. Not more than 30,000 aggregate to all directors in one calendar year	Up to 10 years	18 months	No information	Cash in full
O	Chemicals 3/13/56	4/15/66	300,000 5.0%	$0.25 above 95%	Closing	5,000	Up to 10 years but not after 4/15/66	Not stated	5 annual installments of 20% each beginning with second anniversary for options granted during first 5 years. Thereafter equal installments for number of full years between date of grant and termination of plan	Cash in full or installments through payroll deductions
P	Retail trade (food) 3/2/56	8 years	75,000 5.8%	Not less than 95%	Not stated	Not fixed	Up to 10 years	1 year	Not more than 25% between first and second anniversaries; not more than total of 50% prior to third anniversary and not more than 75% prior to fourth anniversary. Minimum number of shares purchased at one time stated in contract	Cash in full
Q	Chemicals 3/26/56	4/1/63	150,000 7.5%	Not less than 95%	Closing	15,000	7 years	1 year	5 annual installments of 20% each. Shares not purchased in one year may be acquired from time to time in subsequent years. Not less than 50 shares in each purchase	Cash in full

Principal Provisions of Selected Restricted Stock Option Plans—Continued

Company	Industry and Date of Plan	Life of Plan or Expiration Date	Number of Shares Authorized and % of Total Outstanding	Option Price (% of Fair Market Value)[a]	Fair Market Value Defined[b]	Maximum Number of Shares Granted One Employee	Life of Option	Waiting Period Before Exercising	Restrictions Governing Stock Purchases	Terms of Payment
R	Tobacco products 2/2/56	3/31/71	120,000 3.1%	100%	Closing	7,500; 60,000 aggregate for all directors	10 years (no options granted later than 3/31/61)	1 year	Not more than 10% between first and second anniversaries, 25% of total between second and third anniversaries, 50% of total between third and fourth anniversaries and balance thereafter	Cash in full
S	Building products 10/3/55	10/3/60	67,500 4.9%	Not less than 95%	Highest	6,750 (10% of total authorized)	Up to 10 years	1 year	In whole or in part anytime after waiting period. Written notice required prior to each purchase that stock acquired for investment and not resale purposes. Not less than 100 shares in each purchase	Cash in full
T	Shipbuilding 4/12/56	Indefinite	60,000 7.5%	85%	Not stated	6,000	Up to 10 years	None	Not more than 40% of total first year, not more than 70% of total prior to third year, and balance thereafter	Cash in full
U	Chemicals 10/25/55	10/25/60	50,000 4.8%	100%	Closing	Not fixed	5 years	Not less than 1 year	4 annual installments of 25% each beginning with first anniversary after waiting period. Unpurchased shares in each installment forfeited	Cash in full or installments through payroll deductions
V	Transportation (leased equipment) 4/11/55	Indefinite	100,000 4.2%	Not less than 95%	Average	10,000 (10% of total authorized)	10 years	1 year	5 annual installments of 20% each after waiting period. Shares not purchased in one year may be acquired from time to time in subsequent years	Cash in full
W	Nonelectrical industrial equipment 4/13/55	5 years	21,000 1.1%	Not less than 110%	Midpoint between high and low on 11/15/54 or average of previous 5 days, whichever is higher	15,000 to president; 6,000 to board chairman[d]	5 years	None	In whole or in part anytime. Required to remain with company through 12/31/56	Cash in full
X	Transportation 4/26/56[e]	1/31/66	1,000,000[f] 4.1%	Not less than 95%	Closing	50,000[f] (5% of total authorized)	10 years	2 years	In whole or in part anytime during active employment (subject to changes during life of plan).	Cash in full

[a] On date of option grant
[b] Price on New York Stock Exchange
[c] Class A options granted according to salary level of employee, with the number of shares in proportion to salaries; Class B options granted without any reference to salary rate of employees. An employee may receive grants in both Classes A and B; authorized shares may be used for granting options under both Classes A and B
[d] Plan limited to president and chairman of the board
[e] Pending approval by Interstate Commerce Commission
[f] Following stock split of five for one on 4/26/56

Nineteen plans set waiting periods of from one to two years—twelve at one year, four at one and one-half years, and three at two years. One plan, adopted February, 1956, sets a waiting period of one year, but no option may be exercised before October, 1957. A number of plans limit the purchases to annual installments. For example, not more than 10% of an option having a ten-year life may be exercised each year. Or purchases may be restricted to equal annual installments for a stated number of years, which may be less than the life of the plan. One plan provides for granting a six-year option but restricts purchases to four annual installments of 25% each. And reference to the principal provisions of the plans, tabulated on the previous pages, reveals many variations from equal annual installments.

Three plans place restrictions on the minimum number of shares that may be purchased at one time. In one plan, the number varies according to individual options while each of the other two set minimums at fifty and one hundred shares.

The plans of two chemical companies provide that if the optionee does not exercise his right to purchase the stock available to him each year, he forfeits all rights to buy such stock in the future. However, failure to exercise a portion of the option in one year does not affect rights to purchase in future years. For example, one plan provides for dividing the option so that not more than 25% of the total shares may be purchased annually after the first anniversary date of the option. If the optionee purchases only a portion of the first annual installment, or for that matter purchases no stock, he forfeits rights only to those shares he has "earned out." He will be permitted to exercise options in the future if he so elects.

The third of the three plans with forfeitable rights gives a new twist to this feature of stock options. First, the administrative body, with the approval of the board of directors, may provide in each option contract between company and employee for complete or partial forfeiture of unexercised rights. If an optionee leaves the company voluntarily or is discharged for cause within three years after the date of the option grant, rights to unexercised portions are terminated forthwith. Within sixty days of such termination, the company can demand that the optionee sell back to the company all shares held by him or his representatives at original cost. Further, the optionee is liable, upon demand, to return all profits realized on his sale of any stock obtained under the option and to pay to the company the difference between the option price and current market value of any and all stock disposed of by donation or gift.

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Workers' Budgets

(Continued from page 283)

ings of the married man with two children, there would seem to be little logic in comparing average earnings with a four-person budget. As a member of the BLS staff wrote in the report introducing the city worker's family budget[1]: "Before a completely valid general comparison of incomes with the costs of family budgets can be made, it would be necessary to develop budgets for all the common types of family, to assemble accurate figures on the distribution of income for each size of family, and to estimate the cost of the budgets in communities of different sizes throughout the country."

The Welfare and Health Council has attempted a rough comparison, for New York City, of the annual costs of its budget with the distribution of income among families of corresponding size.[1] It found that the income received by two-thirds of all families and single consumers in 1950 was above the 1954 costs of the budget. Among families of two, three and four persons (comprising nearly 75% of all consumer units) more than two-thirds had income above the current cost of the budget. Single consumers and families of five or more persons fared less well; only about half of these groups received income that was higher than the present costs of the budget.

Between 1950, the year to which the income data relate, and October, 1954, the month in which the budget was priced, average weekly earnings of factory workers in New York City increased 17%; the consumer price index rose 10%. A comparison of 1950 family income (when earnings were lower) with October, 1954, budget costs (when prices were higher) results in a double understatement of the income position of consumer units in New York City. Thus it follows that there were more families and single persons with income sufficient to meet the budget in October, 1954, than the foregoing proportions indicate.

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[1] Abner Hurwitz, in an article on "Family Incomes and Cost of Family Budgets," BLS Bulletin No. 927 op. cit.

[1] From unpublished detailed tabulations of income by size of family furnished by the Bureau of Labor Statistics from its 1950 survey of consumer expenditures.

Significant Labor Statistics

Item	Unit	1956						1955	Year Ago	Percentage Change	
		June	May	April	March	Feb.	Jan.	Dec.		Latest Month over Previous Month	Latest Month over Year Ago
Consumer Price Indexes											
All Items	1953 = 100	101.7	101.2	101.0	101.1	101.1	101.1	101.0	100.2	+0.5	+1.4
Food	1953 = 100	99.2	97.7	97.0	97.0	97.3	97.5	97.9	98.3	+1.5	+0.9
Housing	1953 = 100	102.7	102.6	102.6	102.6	102.4	102.2	102.1	101.4	+0.1	+1.3
Apparel	1953 = 100	99.9	99.7	99.6	99.4	99.3	99.3	99.3	98.8	+0.2	+1.1
Transportation	1953 = 100	103.9	104.1	104.4	105.1	105.3	105.8	104.7	101.3	−0.2	+2.6
Sundries	1953 = 100	103.9	103.8	103.7	103.7	103.4	103.1	102.9	101.8	+0.1	+2.1
Purchasing Value of Dollar	1953 dollars	98.3	98.8	99.0	98.9	98.9	98.9	99.0	99.8	−0.5	−1.5
(*BLS*) All Items	1947-1949 = 100	116.2	115.4	114.9	114.7	114.6	114.6	114.7	114.4	+0.7	+1.6
Employment Status[1]											
Civilian labor force	thousands	69,430	67,846	66,555	65,912	65,491	65,775	66,592	66,696	+2.3	+4.1
Employed	thousands	66,503	65,238	63,990	63,078	62,577	62,891	64,165	64,016	+1.9	+3.9
Agriculture	thousands	7,876	7,146	6,387	5,678	5,470	5,635	5,884	7,681	+10.2	+2.5
Nonagricultural industries	thousands	58,627	58,092	57,603	57,400	57,107	57,256	58,281	56,335	+0.9	+4.1
Unemployed	thousands	2,927	2,608	2,564	2,834	2,914	2,885	2,427	2,679	+12.2	+9.3
Wage Earners[2,3]											
Employees in nonagr'l establishm'nts	thousands	*p* 51,542	*r* 51,131	*r* 50,848	50,499	50,246	49,615	51,311	50,165	+0.8	+2.7
Manufacturing	thousands	*p* 16,757	*r* 16,698	*r* 16,769	16,764	16,824	16,842	17,026	16,577	+0.4	+1.1
Mining	thousands	*p* 809	*r* 791	*r* 790	783	780	747	754	783	+2.3	+3.3
Construction	thousands	*p* 3,235	*r* 3,040	*r* 2,853	2,669	2,588	2,267	2,422	2,928	+6.4	+10.5
Transportation and public utilities	thousands	*p* 4,165	*r* 4,139	*r* 4,121	4,106	4,083	4,089	4,165	4,083	+0.6	+2.0
Trade	thousands	*p* 11,028	*r* 10,974	*r* 10,928	10,931	10,819	10,833	11,753	10,715	+0.5	+2.9
Finance	thousands	*p* 2,326	*r* 2,290	*r* 2,278	2,265	2,250	2,214	2,219	2,231	+1.6	+4.3
Service	thousands	*p* 6,084	*r* 6,038	*r* 5,979	5,859	5,818	5,603	5,657	5,937	+0.8	+2.5
Government	thousands	*p* 7,138	*r* 7,161	*r* 7,130	7,122	7,084	7,020	7,315	6,911	−0.3	+3.3
Production and related workers in mfg. employment											
All manufacturing	thousands	*p* 13,052	*r* 13,030	*r* 13,114	13,125	13,212	13,272	13,464	13,078	+0.2	−0.9
Durable	thousands	*p* 7,569	*r* 7,607	*r* 7,674	7,621	7,692	7,758	7,847	7,622	−0.5	−0.7
Nondurable	thousands	*p* 5,483	*r* 5,423	*r* 5,440	5,504	5,520	5,154	5,617	5,456	+1.1	+0.5
Average weekly hours											
All manufacturing	number	*p* 40.1	40.0	40.3	40.4	40.5	40.6	41.3	40.7	+0.3	−1.5
Durable	number	*p* 40.9	*r* 40.7	41.1	41.0	41.0	41.2	41.9	41.2	+0.5	−0.7
Nondurable	number	*p* 39.1	39.1	39.2	39.6	39.8	39.8	40.4	39.9	0	−2.0
Average hourly earnings											
All manufacturing	dollars	*p* 1.98	1.96	1.96	1.95	1.93	1.93	1.93	1.87	+1.0	+5.9
Durable	dollars	*p* 2.09	2.08	2.08	2.06	2.05	2.06	2.06	1.98	+0.5	+5.6
Nondurable	dollars	*p* 1.81	1.80	1.79	1.78	1.75	1.75	1.74	1.70	+0.6	+6.4
Average weekly earnings											
All manufacturing	dollars	*p* 79.40	78.40	78.99	78.78	78.17	78.36	79.71	76.11	+1.3	+4.3
Durable	dollars	*p* 85.48	*r* 84.66	85.49	84.46	84.05	84.87	86.31	81.58	+1.0	+4.8
Nondurable	dollars	*p* 70.77	70.38	70.17	70.49	69.65	69.65	70.30	67.83	+0.6	+4.3
Straight time hourly earnings (estimated)											
All manufacturing	dollars	*p* 1.92	1.91	1.90	1.89	1.87	1.87	1.86	1.81	+0.5	+6.1
Durable	dollars	*p* 2.02	2.01	2.01	1.99	1.98	1.98	1.97	1.91	+0.5	+5.8
Nondurable	dollars	*p* 1.77	1.76	1.75	1.74	1.71	1.71	1.69	1.66	+0.6	+6.6
Turnover Rates in Manufacturing[2]											
Separations	per 100 employees	*p* 3.4	3.7	3.4	3.5	3.6	3.6	3.0	3.2	−8.1	+6.25
Quits	per 100 employees	*p* 1.6	1.6	1.5	1.4	1.3	1.4	1.1	1.5	0	+6.7
Discharges	per 100 employees	*p* 0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.3	0	0
Layoffs	per 100 employees	*p* 1.3	1.6	1.4	1.6	1.8	1.7	1.4	1.2	−18.75	+8.3
Accessions	per 100 employees	*p* 4.0	3.3	3.3	3.1	3.1	3.3	2.5	4.3	+21.2	−7.0

[1] Bureau of the Census.
[2] Bureau of Labor Statistics.
[3] The BLS has adjusted its nonfarm employment and hours and earnings series to first quarter 1955 benchmark levels. The benchmark level is the total count of workers covered in each industry, and in this instance the data were received from government social insurance programs. The adjustment affects all figures since February, 1956. Adjusted figures for months prior to February, 1956 have not been received; the figures for these months published above are adjusted to first quarter 1954 benchmark levels.

p Preliminary *r* Revised
na Not available.

Wage Increases Stick to Dime Level

TEN CENTS AN HOUR is the current average increase in the United States, according to THE CONFERENCE BOARD's tabulation of wage settlements for the mid-June to mid-July period. In the preceding monthly period, the average was also 10 cents. However in Canada, the average of 8 cents an hour for the current period is 2 cents higher than the average reported for the preceding period.

Hourly increases in the eighty-nine settlements reported for this month range from 2 cents to 18 cents; and percentage increases, which comprise about one out of ten settlements, range from 3% to 5%. While no decreases are reported, one company omits an immediate increase while granting deferred increases on contract anniversary dates. Other features of the current survey include a supplemental unemployment benefit plan in the paper industry and "pattern" settlements in the cement and brewery industries.

The Continental Can Company, in an agreement with the Paper Makers, AFL-CIO, at Tonawanda, New York, established a supplemental unemployment benefit plan that is similar to the plan that the company and the Steelworkers' union agreed to last year. It specifies that company supplements to state unemployment benefits will bring the laid-off worker roughly 65% of his take-home pay. In addition, the one-year agreement provides for a 9-cent hourly boost and a revised pension plan. Four other agreements in the paper industry grant wage boosts ranging from 6 cents to 16 cents. The agreement between the St. Regis Paper Company and the Pulp, Sulphite and Paper Mill Workers provides for a 13-cent hourly increase. It is the only two-year contract among the paper group. The others, including the Scott Paper Company's 5% boost (9 cents per hour minimum), are one-year agreements.

Confirmed agreements from four Portland cement producers resulted in an 18-cent hourly boost for the Cement, Lime and Gypsum Workers. Liberalized insurance benefits and a seventh paid holiday are added features. All contracts are for one-year terms. The four companies involved are: Alpha Portland Cement Company, Lehigh Portland Cement Company, Medusa Portland Cement Company, and Penn-Dixie Cement Corporation.

The five-year agreement between the Magnavox Company and the Electrical Workers' union (IUE, AFL-CIO) provides for an initial hourly increase of 6 cents, with subsequent 5-cent increases on each contract anniversary date. Improved hospital benefits for employees and dependents are added items in the package. Also the wage reopening agreement between the Radio Corporation of America and IUE adds an average of 7 cents an hour to the pay of production workers this year, with another 5.5 cents scheduled for next year. Salaried employees in the same union get a 4% increase now and 3.25% next year. An eighth paid holiday, improved vacation benefits for employees with fifteen or more years of service, and improved sickness and accident benefits complete the package.

The American Viscose Corporation, in an agreement with the Textile Workers, AFL-CIO, by-passed a wage boost this year but granted a deferred increase of 4% next year and another 4% in 1958.

An industry-wide settlement involving five brewery companies brought increases of $4.50 per week for hourly rated employees and 80 cents per day for delivery employees of the Teamsters' union, AFL-CIO. Also included among the wage provisions are increases, at stipulated contract intervals, to "stirnewirth men"[1] in order to bring their pay up to the base rate of brewers. Many fringe items are included in the two-year pact, which affects some 6,300 brewery workers at Liebmann Breweries, Inc., Piel Bros., Jacob Ruppert, The F & M Schaeffer Brewing Company, and the Jos. Schlitz Brewing Company.

Fringe items continue to be characteristic of the settlements negotiated. About 90% of the current group include fringe items. These fringes divide into two main categories: health and welfare benefits; and paid time off. In the first group are included such items as life insurance, hospital-medical-surgical plans, disability plans and pensions. The second group includes added holidays, extended vacations, funeral leave and jury duty pay. Roughly half of the fringes fall in each of these two categories.

The eighty-nine settlements reported during this period, which include fourteen Canadian adjustments, affect more than 200,000 employees in the United States and Canada. Details of most of these settlements are given in the table starting on the next page.

MITCHELL MEYER
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Statistical Division

[1] Bar attendants assigned to dispense beer to employees during rest periods.

Wage Adjustments Announced Prior to July 15, 1956

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Chemicals and Allied Products				
General Aniline & Film Corp. Rensselaer, N. Y. *Chemical Workers, AFL-CIO*	587 WE 6-1-56	$.09 per hr., add'l. $.07 per hr. 6-1-57	Company's contribution to Blue Cross and Blue Shield increased to 50% in 1956 and 60% in 1957	Result of contract expiration. Contract term—2 yrs.
Olin Mathieson Chemical Corp. New Haven, Conn. *Machinists, AFL-CIO*	4,500 WE 5-21-56	$.12 per hr.	7th pd. hol.	First contract. Contract term—2 yrs.
Parke, Davis & Co. Detroit, Mich. *Machinists, AFL-CIO*	300 WE 5-1-56	5%	None	Result of wage reopening. Contract expires 5-1-57
Communications				
Southern Bell Telephone Co. Atlanta, Ga. *Communications Workers, AFL-CIO*	54,761 WE 5-20-56	$.0696 per hr.	(1) Split tours ending at 10 P.M. reduced from 8 hrs. to 7.5 hrs. (2) 19 towns upgraded	Result of contract expiration. Contract term—1 yr.
Construction				
Associated General Contractors Detroit Mich. *Bridge, Structural & Ornamental Iron Workers, AFL-CIO*	600 WE 6-6-56	$.09 per hr., add'l. $.09 per hr. 5-1-57	$.06 per hr. added to vacation pay (total $.12 per hr.), add'l. $.06 per hr. 5-1-57	Result of contract expiration. Contract term—2 yrs
Bricklayers, Masons and Plasterers, AFL-CIO	5,000 WE 5-2-56	$.15 per hr.	None	Result of contract expiration. Contract term—1 yr.
Electrical Machinery, Equipment and Supplies				
Collins Radio Dallas, Tex. *IUE, AFL-CIO*	1,000 WE 5-1-56	5% (av. $.0765 per hr.)	(1) 1 add'l. hol. (2 half days) (2) Increased ins.	Same as above
Cornish Wire Company, Inc. Williamstown and Blackington, Mass. *IUE, AFL-CIO*	700 WE 5-25-56	None	(1) 7th pd. hol. (2) Company pays half of Blue Cross and Blue Shield. (3) $2,000 life ins. (4) $25 per wk. sickness and accident allowance (5) Jury duty pay (6) 3 days' paid funeral leave	First contract. Contract term—1 yr.
Magnavox Company Greeneville, Tenn. *IUE, AFL-CIO*	2,300 WE 5-1-56	$.06 per hr., add'l. $.05 per hr. 1957, 1958, 1959 and 1960	Hospital room and board allowance increased to $9 per day for employees and dependents	Result of contract expiration. Contract term—5 yrs
Radio Corporation of America Interstate *IUE, AFL-CIO—WE & S*	7,200 WE 1,000 S 5-7-56	$.07 per hr. av. ($.06, $.08 or $.10 according to labor grade), add'l. $.055 per hr. ($.05, $.06 or $.07 per hr. according to labor grade), 1957—WE 4%, add'l. 3.25%, 1957—S	(1) 8th pd. hol. (2) Sickness and accident benefits increased to $45 per wk., hospitalization increased to 70 days from 45, improved coverage for X rays, operations, etc. (3) 7% vacation pay after 15 yrs., 4 wks. after 25 yrs.	Result of wage reopening. Contract expires 6-1-58

Wage Adjustments Announced Prior to July 15, 1956—Continued

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Tung Sol Electric, Inc. Newark, Bloomfield and East Orange, N. J. *Independent unions*	3,000 WE 5-15-56	$.05 to $.09 per hr., add'l. $.05 to $.09 per hr. 1957 and 1958	(1) 4 wks.' vacation after 25 yrs. (2) 1 add'l. pd. hol. (3) Company pays cost of ins. benefits after 3 yrs.' participation	New contract. Contract term—3 yrs.
Western Electric Company Tonawanda, N. Y. *Communications Workers, AFL-CIO*	1,750 WE 5-14-56	$.10 per hr., av.	None	Result of contract expiration. Contract term—1 yr.
Westinghouse Air Brake Company Swissvale and Wilmerding, Pa. *UE, ind.—WE* *Westinghouse Air Brake Office and Technical Union, ind.—S*	5,500 WE 4,000 S 6-1-56	3%	Add'l. $1 vacation pay for each yr. of service after 25 yrs.	Result of contract expiration. Contract term—2 yrs.
ood and Kindred Products				
Brewers Board of Trade New York, N. Y. *Teamsters, AFL-CIO*	6,300 WE 6-1-56	$4.50 per wk., add'l. ,$4.50 per wk. 6-1-57—hourly rated employees; $.80 per day, add'l. $.80 per day 6-1-57—delivery rated employees	(1) Liberalized vacation benefits (2) Increased company contribution to welfare fund (3) 5-day workwk. providing for premium rate for Sat. work (4) Jury duty pay eff. 6-1-57 (5) 3-day funeral leave eff. 6-1-57 (6) Shift premium increased $.025 per hr. eff. 6-1-57	Result of contract expiration. Contract term—2 yrs.
General Mills, Inc. Chicago, Ill.	808 WE 6-15-56	$.0907 per hr., add'l. $.08 per hr. 6-15-57	*n. a.*	*n. a.*
Kansas City, Mo.	410 WE 6-15-56	$.10 per hr., add'l. $.10 per hr. 6-15-57	*n. a.*	*n. a.*
Wichita, Kan.	112 WE 6-14-56	$.10 per hr., add'l. $.08 per hr. 6-14-57, add'l. $.02 per hr. 9-16-57	*n. a.*	*n. a.*
Pacific Northwest area *Grain Millers, AFL-CIO* (all locations)	298 WE 7-1-56	$.088 per hr. av., add'l. $.071 per hr. 7-1-57	*n. a.*	*n. a.*
Planters Peanut Suffolk, Va. *Retail, Wholesale and Department Store Union, AFL-CIO*	1,500 WE 5-1-56	$.04 per hr., add'l. $.02 per hr. for skilled and semiskilled workers	None	Result of contract expiration. Contract term—1 yr.
rniture and Fixtures				
St. Charles Manufacturing Co. St. Charles, Ill. *Blacksmiths, AFL-CIO*	220 WE 5-1-56	$.09 per hr., av., add'l. $.05 per hr. 5-1-57	None	Result of contract expiration. Contract term—2 yrs.
lachinery (except Electrical)				
Cooper-Bessemer Corporation Mt. Vernon, Ohio *Molders and Foundry Workers, Machinists, Patternmakers, all AFL-CIO*	1,250 WE 6-1-56	$.12 per hr., add'l. $.06 per hr. 1957	None	Result of contract expiration. Contract term—2 yrs.
Otis Elevator Company Harrison, N. J. and Yonkers, N. Y. *IUE, AFL-CIO—WE & S*	2,700 WE 750 S 6-1-56	3.5% ($.05 per hr. min.); add'l. 3% 6-1-57 and 6-1-58	(1) Pro-rated 3rd week of vacation between 10 and 15 yrs.' service—WE & S; 2 wks.' vacation after 3 yrs. (formerly after 5 yrs.)—WE only	Result of contract expiration. Contract term—3 yrs.

(Continued on next page)

Wage Adjustments Announced Prior to July 15, 1956—Continued

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
			(2) Life ins. increased to 2 times yearly earnings with no increase in employee contribution (3) Liberalized surgical benefits (4) Christmas Eve a paid hol. in 1956 only	
Snow Nabstedt Gear Corporation Hamden, Conn. *Machinists, AFL-CIO—WE* *No union—S*	130 WE 5-28-56 55 S 6-4-56	$.08 per hr.—WE & S	(1) 2 times pay for Sun. work (2) 1 add'l. pd. hol. (3) 3 wks.' vacation after 15 yrs. (4) Automatic increase to top of labor grade—WE only	First contract. Contract expires 6-30-57—WE Tandem adj.—S
Worthington Corporation Harrison, N. J. *Steelworkers, AFL-CIO—WE* *No union—S*	1,900 WE 800 S 6-1-56	$.14 per hr.—WE $5.50 per wk. or 6%, whichever is greater—S	*n. a.*	Result of wage reopening. Contract expires 6-1-57—WE Tandem adj.—S
Oil City, Pa. *Machinists, AFL-CIO—WE* *No union—S*	400 WE 275 S 6-1-56	$.13 per hr.—WE $5.50 per wk. or 6%, whichever is greater—S	(1) Improved shift premiums—WE (2) Inequity adjustments—WE	Result of contract expiration. Contract term—1 yr.—WE Tandem adj.—S
Miscellaneous Manufacturing				
Conmar Products Corporation Newark, N. J. *IUE, AFL-CIO—WE*	700 WE 150 S 5-18-56	$.06 per hr. (nonincentive workers) $.04 per hr. (incentive workers)—WE $.06 per hr.—S	Severance annuity plan—WE & S	Result of contract expiration. Contract term—3 yrs.
Rochester Button Company Rochester and Akron, N. Y. *Clothing Workers, AFL-CIO*	325 WE 6-4-56	$.125 per hr.	$.04 per hr. to liberalize pensions, ins., and other benefits	Result of wage reopening Contract expires 6-1-57
Paper and Allied Products				
D. M. Bare Company Roaring Spring, Pa. *Paper Workers, AFL-CIO*	320 WE 5-1-56	$.16 per hr.	(1) Paid funeral leave increased to 3 days from 1 (2) 2 add'l. pd. hols.	Result of contract expiration. Contract term—1 yr.
Continental Can Company Tonawanda, N. Y. *Paper Makers, AFL-CIO*	90 WE 5-1-56	$.09 per hr.; add'l. $.02 per hr. on nonincentive jobs	(1) Revised pension plan (2) SUB plan effective 6-1-56	Same as above
St. Regis Paper Company Pensacola, Fla. *Pulp, Sulphite and Paper Mill Workers, AFL-CIO*	932 WE 6-1-56	$.13 per hr.	*n. a.*	Result of contract expiration. Contract term—2 yrs
Scott Paper Company Detroit, Mich. *Paper Makers and Pulp, Sulphite and Paper Mill Workers—both AFL-CIO*	559 WE 5-1-56	5% (min. $.09 per hr.)	(1) 2 wks.' vacation after 3 yrs. instead of 5 (2) 2 times pay for hols. worked (3) Company pays ½ cost of safety shoes (4) Extended coverage on funeral leave	Result of contract expiration. Contract term—1 yr.
Sonoco Products Company Phillipsburg, N. J. *Paperworkers, AFL-CIO*	125 WE 5-7-56	$.06 per hr.	None	Result of contract expiration. Contract term—1 yr.
Primary Metal Products				
Quest Foundry Minneapolis, Minn. *Molders and Foundry Workers, AFL-CIO*	500 WE 6-1-56	$.09 per hr., av.; add'l. $.06 per hr. approx. 6-1-57	Hospital and medical coverage; sickness and accident benefits	Result of contract expiration. Contract term—2 yrs

Wage Adjustments Announced Prior to July 15, 1956—Continued

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Professional, Scientific and Controlling Instruments				
Sperry Gyroscope Company Division of Sperry Rand Corp. Great Neck, L. I., N. Y. *IUE, AFL-CIO*	7,904 WE 1,604 S 5-21-56	$.02 per hr.—WE $.80 per wk.—S	(1) 3 wks.' vacation after 12 yrs. instead of 15 (2) Sickness and accident benefits extended to max. of 26 wks. from 13 wks. (3) Liberalized hospital, medical, surgical benefits (4) Tuition refund increased to 100% from 50%	Result of extended negotiation to settle details of 1955 contract which expires 5-57
Public Utilities				
Niagara Mohawk Power Corp. Syracuse, N. Y. *IBEW, AFL-CIO*	7,400 WE *n. a.*—S 6-1-56	5%—WE	(1) 4 wks.' vacation after 25 yrs. effective 1-1-57 (2) Liberalized hospital benefits under medical care plan (3) Increased mileage allowance for personally owned automobiles used on company business (4) No layoff or reduction of pay because of lack of work for employees with 5 or more yrs.' service	Result of contract expiration. Contract term—2 yrs. Except for wage adj. all conditions apply to both WE & S
Public Service Electric & Gas Co. statewide, N. J. *IBEW, AFL-CIO—WE* *Utility Co-Workers Assn., ind.—S*	4,860 WE 160 S 5-2-56	5.263% WE & S	4 wks.' vacation after 25 yrs. starting with next yr.'s vacation season	Result of contract expiration. Contract term—2 yrs.
Stone, Clay and Glass Products				
Alpha Portland Cement Company Cementon, N. Y. *Cement, Lime and Gypsum Workers, AFL-CIO*	160 WE 5-1-56	$.18 per hr.	(1) 7th pd. hol. (2) Increased group ins.	Result of contract expiration. Contract term—1 yr.
Dravo Corporation Neville Island, Pittsburgh, Pa. *Teamsters, AFL-CIO*	250 WE 6-1-56	$.10 per hr., add'l. $.05 per hr. 6-1-57	(1) Premium rate of $.05 per hr. for 2nd and 3rd shifts (2) Pension contribution of $.05 per hr. effective 5-1-57 (3) Welfare plan extended to 4-30-59	Result of contract expiration. Contract term—2 yrs.
Iowa Pipe & Tile Company Des Moines, Ia. *Glass and Ceramic Workers, AFL-CIO*	65 WE 5-1-56	$.05 per hr.	*n. a.*	Result of contract expiration. Contract term—1 yr.
Lehigh Portland Cement Co. Union Bridge, Md. and Fordwick, Va. *Cement, Lime and Gypsum Workers, AFL-CIO—WE* *No union—S*	400 WE 5-1-56 54 S 4-1-56	$.18 per hr.—WE 10%—S	(1) Improved group ins.—WE & S (2) Add'l. pd. hol.—WE	Result of contract expiration. Contract term—1 yr.—WE Tandem adj.—S
Lehigh Sewer Pipe Company Fort Dodge, Ia. *Glass and Ceramic Workers, AFL-CIO*	140 WE 5-1-56	$.05 per hr., add'l. $.05 per hr. 5-1-57	Improved ins. plan	Result of contract expiration. Contract term—2 yrs.
Medusa Portland Cement Co. Baybridge and Toledo, Ohio; York and Wampum, Pa.; Manitowac, Wis.; Dixon, Ill. *Cement, Lime and Gypsum Workers, AFL-CIO*	1,000 WE 5-1-56 and 6-1-56	$.18 per hr. gen.	(1) Liberalized ins. plan for employees and dependents (2) Add'l. pd. hol.	Result of contract expiration. Contract term—1 yr.

Wage Adjustments Announced Prior to July 15, 1956—Continued

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Nurre Glass Company Bloomington, Ind. *Painters, Decorators and Paperhangers, AFL-CIO*	75 WE 5-1-56	$.10 per hr.	(1) $2,000 life ins. and wkly. sick benefits up to $30 (2) 3 wks.' vacation pay after 10 yrs.	Result of contract expiration. Contract term—2 yrs.
Penn-Dixie Cement Corp. Buffalo, N. Y. and Kingsport, Tenn. *Cement, Lime and Gypsum Workers, AFL-CIO*	393 WE 5-1-56	$.18 per hr.	(1) 7th pd. hol. (2) Life ins. increased to $4,000 from $2,000; accident and sickness raised to $40 per wk. from $30; improved hospital, surgical and maternity benefits	Result of contract expiration. Contract term—1 yr.
Textile Mill Products				
American Fabrics, Inc. Bridgeport, Conn. *Lace Operatives, ind.; Textile Workers, AFL-CIO*	310 WE 5-7-56 and 5-21-56	$.06 per hr.	None	Result of contract expiration. Contract term—2 yrs. Corresponding adjustments made for certain salaried employees not increased since 1-56
American Viscose Corporation Marcus Hook, Lewiston and Meadville, Pa.; Parkersburg and Nitro, W. Va.; Roanoke and Front Royal, Va. *Textile Workers, AFL-CIO*	10,600 WE 6-2-56	No immediate increase; 4% general increase 6-1-57 and 6-1-58	(1) Improved pensions 1-1-56 (2) Initial disability program 6-1-56 (3) Improved hospital plan 6-1-56 (4) Improved group life and surgical ins. 6-1-57 (5) Accident and sickness benefits increased to max. of $45 per wk. for 15 wks. eff. 6-1-57	Result of contract expiration. Contract term—3 yrs.
Wovencraft, Inc. Clinton, Mass. *Textile Workers, AFL-CIO*	80 WE 6-11-56	$.055 per hr.	(1) Improved ins. and vacation benefits (2) New incentive plan	Result of contract expiration. Contract term—1 yr.
Transportation				
Pennsylvania Railroad Company Interstate *Yardmasters, ind.*	*n. a.* 6-16-56 (signed 4-27-56)	$25.35 per mo.	*n. a.*	In settlement of notice served for wage changes
Transportation Equipment				
Bendix Aviation Corporation York, Pa. *IUE, AFL-CIO*	155 WE 6-4-56 (signed 5-1-56)	$.06 per hr., add'l. $.05 per hr. skilled trade adj., add'l. $.06 per hr. 6-3-57	(1) Add'l. pd. hol. (2) Sickness and accident benefits increased to $40 per wk. from $30 (3) Jury duty pay (4) Escalator cost of living provision	Result of wage reopening. Contract extended to 6-2-58
Douglas Aircraft Company, Inc. Santa Monica, Cal. *Painters, Decorators and Paperhangers, AFL-CIO*	40 WE 7-2-56	$.10 per hr. gen., add'l. $.07 per hr. 4-1-57	(1) 2nd shift bonus increased to $.12 an hr. from $.08 (2) Add'l. vacation benefits after 12 yrs. instead of 15 yrs. (3) Jury duty pay (4) Initial hourly pension plan	First contract. Contract term—2 yrs.
Santa Monica, El Segundo, and Long Beach, Cal.; Tucson, Ariz. *IBEW, AFL-CIO*	425 WE 7-2-56	$.16 to $.18 per hr., add'l. $.07 per hr. 4-1-57	Same as above	Result of contract expiration. Contract term—2 yrs.
Tulsa, Okla. *IBEW, AFL-CIO*	75 WE 5-28-56 (wages retroact to 2-13-56)	$.14 to $.15 per hr., add'l. $.07 per hr. 2-11-57	Same as above	Same as above

Wage Adjustments Announced Prior to July 15, 1956—Continued

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
The Heil Co. Milwaukee, Wis. *Steelworkers, AFL-CIO—WE* *No union—S*	1,500 WE 500 S 5-1-56	$.065 per hr., av., add'l. $.05 per hr. 1957 and $.06 per hr. 1958—WE; $12 per mo. min.—S	(1) Group ins. liberalized—WE & S (2) Pensions liberalized—WE (3) Shift premiums increased to $.09 and $.13 per hr.—WE (4) 4 wks.' vacation after 25 yrs. eff. 1957—WE & S	Result of contract expiration. Contract term—3 yrs. Tandem adj.—S
Republic Aviation Corp. Farmingdale, L. I., N. Y. *Machinists, AFL-CIO*	11,500 WE 6-9-56	$.07 per hr., add'l. $.07 per hr. 4-1-57	(1) Accident and sickness ins. increased to $45 per wk. from $40; further increase to $50 per wk. eff. 6-1-57. Wkly. indemnity payments increased to 26 wks. from 13 (2) New ins. benefits providing for payment of doctor's visits up to $200 (3) Daily hospital benefits increased to $15 from $12, and max. duration to 120 days from 70 (4) 3 wks.' vacation after 12 yrs. instead of 15	Result of wage reopening
Huntington, L. I., N. Y. *IBEW, AFL-CIO*	150 WE 6-12-56	$.12 per hr., add'l. $.12 per hr. 4-1-57	Same as above	Result of contract expiration. Contract term—2 yrs.

CANADIAN WAGE ADJUSTMENTS

Central Bridge Company Ltd. Trenton, Ont. *Steelworkers, CLC*	200 WE 4-56	$.04 per hr., gen. (add'l. $.05 adj. thru reduction in workwk.)	Workwk. reduced to 41 hrs. from 42 at same take-home pay	Result of contract expiration. Contract term—1 yr.
Cockshutt Farm Equipment Co., Ltd. Brantford, Ont. *Auto Workers, CLC*	1,320 WE 358 S 1-56 (signed 3-56)	$.14 per hr. approx.—WE & S	(1) Pension increased to max. of $60 a mo. from $55 (2) Life ins. increased to $2,000 from $1,000 and changed from contributory to noncontributory (3) Noncontributory Blue Cross and P.S.I. (4) Sick benefits increased to $28 a wk. from $18	Result of contract expiration. Contract term—1 yr. Only salaried employees in factory office covered by union. Tandem adj. for all other salaried personnel
DuPont of Canada, Ltd. Textile Fibers Division Kingston, Ont. *District 50, UMWA, ind.*	800 WE 4-56	$.06 to $.08 per hr.	None	Result of contract expiration. Contract term—1 yr.
Dupuis Freres Montreal, Que. *Syndicate National des Employees du Commerce de Detail de Montreal Inc., CTCC*	1,600 WE 1-56 (signed 5-56)	$1 to $8 per wk. depending on length of service	$1,000 life ins. 50% company paid	Result of contract expiration. Contract term—2 yrs.
B. C. Electric Railway Co., Ltd. Vancouver and Victoria, B. C. *Office Employees, CLC*	1,240 S 2-56 (signed 4-56)	3%, add'l. 3% 10-56 and 6-57	2 times pay for overtime beyond 4 hrs. (formerly 1½ times)	Result of contract expiration. Contract term—2 yrs.
Firestone Tire & Rubber Co. Hamilton, Ont. *Rubber Workers, CLC—WE* *No union—S*	1,450 WE 300 S 2-56 (signed 3-56)	$.093 per hr. av.—WE 5.4%—S	9th pd. hol.—WE	Result of contract expiration. Contract term—1 yr.—WE Tandem adj.—S

Wage Adjustments Announced Prior to July 15, 1956—Continued

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Goodyear Tire & Rubber Co. New Toronto, Ont. *Rubber Workers, CLC—WE* *No union—S*	1,800 WE *n. a.* S 2-56	$.102 per hr., av.	9th pd. hol.	Result of contract expiration. Contract term—1 yr.—WE Tandem adj.—S
Hinde & Dauch Paper Company of Canada, Ltd. Montreal, Que. *Chemical Workers, CLC*	223 WE 4-56	$.08 per hr. (female) $.06 per hr. (male)	(1) 2 wks.' vacation after 3 yrs. (2) 3 days' funeral leave pay	Result of contract expiration. Contract term—1 yr.
Howard Smith Paper Mills, Ltd. Montreal, Que. *Pulp, Sulphite and Paper Mill Workers, CLC*	1,400 WE 5-56	$.085 per hr., av.	Funeral leave pay	Result of contract expiration. Contract term—1 yr.
United Carr Fastener of Canada, Ltd. Hamilton, Ont. *Electrical Workers, (U.E.) ind.*	172 WE 4-56	$.07 per hr. across the board; add'l. 3.5% in 2nd year	*n. a.*	Result of contract expiration. Contract term—2 yrs.
W. C. Wood Company Guelph, Ont. *Electrical Workers, (U.E.) ind.*	162 WE 4-56	$.13 per hr.	*n. a.*	Result of contract expiration. Contract term—1½ yrs.
Sault Structural Steel Co., Ltd. Toronto, Ont. *Steelworkers, CLC*	82 WE 4-56	$.04 per hr.	None	Result of settlement after 7-mo. work stoppage. Contract expires 4-57

*WE, wage earner; S, salaried personnel; *n.a.*, not available.
**Fringe benefits include all benefits received by workers at a cost to employers.

Steel Settlement

(Continued from page 272)

For a half week of vacation or less the employee is to receive pay in lieu of time off.

Sunday Premium Pay

For all time worked on Sunday which is not paid for on an overtime basis the following premium rates are to be paid:

September 1, 1956, to June 30, 1957.....10%
July 1, 1957, to June 30, 1958.....20%
July 1, 1958, to June 30, 1959.....25%

Prior to the 1956 contract signing, work performed on Sunday as part of regular hours was paid for at straight time.

Holiday Overtime Pay

The pay for holiday hours worked under the previous contract was double time. Under the strike agreement, the pay for hours worked on holidays is as follows:

Effective July 1, 1957.....Double time and one-tenth
Effective July 1, 1958.....Double time and one-quarter

Miscellaneous Items

Other economic items covered in the strike settlement agreement are:

Paid Holidays: An additional paid holiday: Good Friday.

Jury Pay: Employees called for jury service are to receive the difference between eight times their hourly rate and their jury pay.

Shift Premiums: As of July 1, 1958, the afternoon shift premium is to be increased from 6 cents to 8 cents an hour; the night shift premium is to be increased from 9 cents to 12 cents an hour.

Term of Agreements

The union contract and the supplementary unemployment benefit plan are to terminate on June 30, 1959. The pension agreement and the insurance agreement are to terminate on October 31, 1959. All four agreements, however, are subject to renegotiation between May 1, 1959, and June 30, 1959.

JAMES J. BAMBRICK, JR.
Division of Personnel Administration

Studies in Business Policy

No. 79—Measuring Salesmen's Performance
No. 78—Industrial Engineering, Organization and Practices
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No. 54—Getting Defense Contracts
No. 53—Damage Control in Wartime
No. 52—Measuring Dealer and Consumer Inventories
No. 51—Protecting Records in Wartime
No. 50—Military Inspection in Industry

In the August Business Record

After the Steel Strike—How closely will the present poststrike period parallel the boom that followed the strike settlement in 1952? Many differences in the state of business existed at the start of the two periods. Some of these differences, along with the impact of earnings on capital outlays, are touched on in this month's "Business Highlights."

Have We Begun To Overbuild?—Ever since the war, construction of residential buildings has gone on apace. In fact, the pace has been faster and faster during most of this time. But over the past year, the rate of housing starts has slackened substantially. Does this mean we are nearing the end of the building boom?

Executive Travel Restrictions—Should companies attempt to regulate the business travel of their executives and directors? The Board's latest survey of business practices reveals that many companies are concerned about the safety risks involved and attempt to do something about them by formal or informal policies.

Size in Banking—The top 200 financial institutions in 1955 are featured in this issue. This is the first time **The Business Record** has published such an extended listing. There are 132 banks, fifty-four insurance firms, and fourteen finance and investment companies. The top hundred institutions accounted for 84% of the total assets of the 200 companies in both 1954 and 1955.

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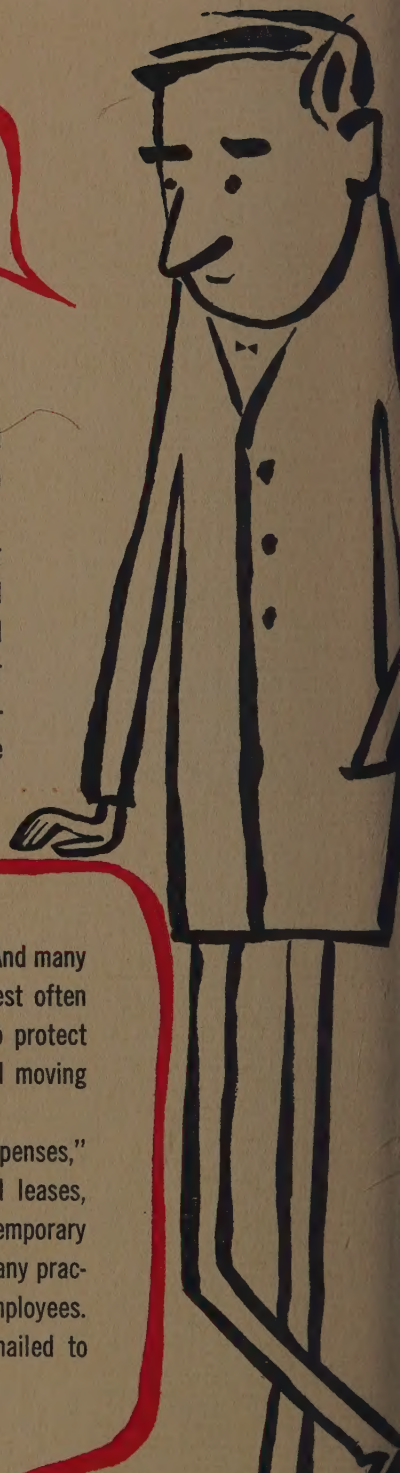
Sorry, J. B., but I can't take the job!



J.B. as you've probably guessed is the boss. The gentleman who has just turned down a promotion is Phinius, assistant sales manager of the company's eastern division.

Phinius was offered top spot in sales on the West Coast—a tempting offer indeed. It would have been his second big promotion in six years. But it would also have meant the second time he and his family pulled up stakes and moved to another section of the country. While it is the company's practice to pay for transportation as well as moving the furniture, Phinius knows from past experience that moving costs involve much more than this. Frankly, he and his wife feel they just can't afford the extra expense at this time.

While such turndowns are not common in industry, they do occur. And many companies have come to realize that a move at management's request often means that the employee is out of pocket a considerable amount. To protect their employees, some companies provide allowances to cover special moving expenses.

The Board's new study, "Company Payment of Employees' Moving Expenses," covers a broad area. Some of the items investigated are unexpired leases, storage and insurance of furniture, trips to locate living quarters, temporary living expenses and loss in sale of property. The report considers company practice in terms of individual transfers, group transfers and newly hired employees. "Company Payment of Employees' Moving Expenses" was recently mailed to Associates.

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